

Investors Mutual Private Portfolio Fund

ARSN 624 888 035
APIR IML2681AU

Product Disclosure Statement
Dated 11 December 2019
Investors Mutual Limited
Investment Manager and
Responsible Entity
ABN 14 078 030 752 AFSL 229988



IMPORTANT NOTICE

This Product Disclosure Statement (PDS) is a summary of the significant information relating to the Investors Mutual Private Portfolio Fund (Fund) (ARSN 624 888 035).

It is important that you consider the information in this PDS carefully before making a decision about this product.

To obtain copies of this PDS, visit our website www.iml.com.au or contact us on 02 9232 7500.

We suggest that you keep this PDS for future reference.

The information contained in this PDS is general information only and doesn't take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this information for your situation before you decide to invest. To help you make an informed investment decision, you should consult a licensed financial adviser to obtain financial advice tailored to suit your personal circumstances before investing.

References in this PDS to "we", "us" and "our" refer to Investors Mutual Limited (IML).

About this PDS

The offer of units in the Fund made in this PDS is available to persons receiving this PDS (including in electronic form) within Australia. This PDS does not constitute an offer or invitation in any place outside Australia where, or to any person whom, it would be unlawful to make such an offer or invitation.

Please note all references to dollar amounts in this PDS are in Australian currency.

Updates to this PDS

The information in this PDS is current as at the date of this PDS, unless otherwise stated, and is subject to change (including changes that are not materially adverse to investors). If a change is not materially adverse to you, we may update the information by publishing the update on our website at www.iml.com.au. If the change is materially adverse, we will issue a new or supplementary PDS. For updated important information, please visit the IML website at www.iml.com.au. IML will provide you with a paper copy of any updated information free of charge on request.

All parties have given, and have not before the date of this PDS withdrawn their consent to their inclusion in the PDS of the statement concerning them in the form and context in which it is included. Other than IML, each of the parties named in this PDS has not authorised or caused the issue of this PDS and takes no responsibility for any part of this PDS other than the statement included in the PDS with their consent as specified.

Your investment does not represent deposits or other liabilities of IML. IML, its related bodies corporate and their respective officers, employees or agents do not in any way guarantee or provide assurance in respect of the capital value of your investment or the performance of the Fund.

Investors Mutual Limited is the responsible entity of, and issuer of units in the Fund offered in this PDS and has prepared this PDS.

Contact Details

If you have any questions or would like more information about IML

Phone: +61 2 9232 7500 Facsimile: +61 2 9232 7511

Email: iml@iml.com.au website: www.iml.com.au

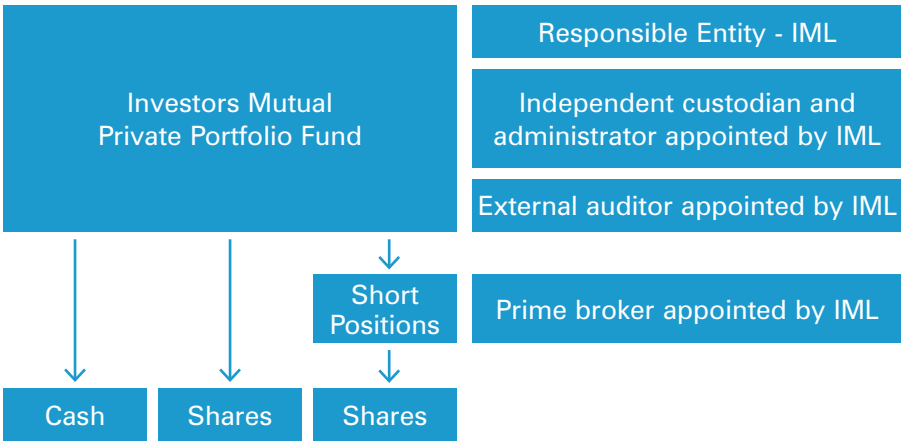
Contents

1. Fund Snapshot	4
2. About Investors Mutual Limited	9
3. How the Investors Mutual Private Portfolio Fund works	10
4. Benefits of investing in the Investors Mutual Private Portfolio Fund	14
5. Risks that you should consider	15
6. How we invest your money	17
7. Fees and costs	22
8. How Managed Investment Schemes are taxed	29
9. How to apply	31
10. Appointment of authorised nominee	32
11. The custodian, investment administrator and prime broker	32
12. Privacy	33
13. Cooling Off & Complaints	34
14. Anti-money laundering and counter terrorism financing	35
15. Reporting	35
16. Labour standards and environmental, social and ethical considerations	36

1. Fund Snapshot

The table below includes some key features of the Fund and where to find more detailed information in this PDS.

Key Feature	Summary	Further Information
Investment Objective and Strategy	<p>Objective – The Fund aims to provide a positive rate of return (after fees and expenses and before taxes) which is 3% above the return of the RBA Cash Rate on a rolling four-year basis.</p> <p>Investment Return Strategy - The Fund aims to generate consistent positive returns with low correlation to equity market directions, and aims to diversify its investments across its three core strategies:</p> <ol style="list-style-type: none"> 1. Relative value: investing in reasonably valued assets with attractive characteristics and at times short-selling overvalued and/or structurally challenged assets. 2. Events: targeting corporate event catalysts such as takeovers, M&A, buy-backs, capital issues and restructures. 3. Income: utilising IML’s research and stock-selection capabilities target inefficiencies in the market and to derive income from prudent option strategies. <p>The Fund will not be financially leveraged / geared, in that it will not borrow cash to gear the portfolio.</p> <p>Location of Assets - The Fund will be denominated in Australian dollars and predominantly invest in Australian and New Zealand securities listed on the ASX and NZX.</p> <p>Risk and Diversification – These are managed within the Fund by:</p> <ul style="list-style-type: none"> • Diversification of investments across its three core strategies; • Conservative exposure limits of 30% for short exposure and 100% for long exposure; • Targeting 30 to 100 long and short positions across its strategies; • Setting maximum individual security holding limits for long positions and short positions; • Ensuring that all written call options in the Income strategy are fully covered by underlying stocks; and • Maintaining a reasonable cash reserve for opportunities and liquidity. <p>Any material changes made to the Fund will be communicated to investors as part of regular communications in relation to the Fund and will also be disclosed on our website www.iml.com.au.</p>	Section 6
Investment Manager	<p>IML is the investment manager and responsible entity of the Fund. IML is a specialist Australian equities fund manager, established in 1998. We have a track record of over 21 years, delivering consistent, long-term returns for clients by applying our ‘quality and value’ investment style.</p> <p>The Portfolio Managers of the Fund are Anton Tagliaferro and Tuan Luu, who have more than 50 years combined experience in the funds management industry. Anton is the founder and Investment Director of IML. Anton and Tuan spend their Fund-related time primarily on managing the assets of the Fund and are responsible for the execution of the Fund’s investment strategy.</p> <p>The Portfolio Managers are supported by IML’s team of highly skilled and experienced research analysts. Anton Tagliaferro and Tuan Luu have given, and have not withdrawn before the preparation date of this PDS, their consent to be named as the Portfolio Managers of the Fund.</p>	Section 2

<p>Fund Structure</p>	<p>The Fund is an Australian domiciled unit trust that is registered as a managed investment scheme under Chapter 5C of the Corporations Act. IML acts as Responsible Entity and investment manager for the Fund.</p> <p>The following diagram illustrates the investment structure that applies to the Fund at the date of this PDS.</p>  <pre> graph TD Fund[Investors Mutual Private Portfolio Fund] RE[Responsible Entity - IML] IC[Independent custodian and administrator appointed by IML] EA[External auditor appointed by IML] SP[Short Positions] PB[Prime broker appointed by IML] Cash[Cash] S1[Shares] S2[Shares] Fund --- RE Fund --- IC Fund --- EA Fund --> Cash Fund --> S1 Fund --> SP SP --> S2 RE --- PB </pre> <p>All entities involved in the Fund’s structure are domiciled in Australia. IML may appoint service providers to the Fund to assist with the ongoing operation, management and administration of the Fund.</p> <p>As at the date of this PDS, the key service providers to the Fund are:</p> <ul style="list-style-type: none"> • UBS AG Australia Branch (UBS AG) – UBS AG is the Fund’s Prime Broker. UBS AG provides securities borrowing services for the Fund. • UBS Nominees Pty Ltd (UBS Noms) – UBS Noms is the Fund’s Custodian and provides settlement services for the Fund. • RBC Investor Services Trust (RBC) – RBC is the Fund administrator and provides middle office and back office support. RBC is responsible for trade-matching, administration, registry and accounting services. RBC is responsible for calculating the unit price of the Fund on a daily basis. <p>IML undertakes monitoring of its key service providers on a regular basis.</p> <p>IML receives a Management Fee for managing the Fund. In certain circumstances, it is also entitled to receive a Performance Fee. See Section 7 for further details regarding fees.</p> <p>Please see the risks of investing in the Fund set out in Section 5 of the PDS.</p>	<p>Section 11</p>
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Valuation, location and custody of assets	<p>IML has appointed UBS AG and UBS Noms as the Prime Broker and Custodian, respectively, of the Fund under the terms of a Master Prime Brokerage agreement for Australian prime broking services. RBC is the administrator of the Fund. The administrator is responsible for valuing the assets of the Fund and calculating the Fund's net asset value (NAV) daily in accordance with the constitution of the Fund.</p> <p>The Fund's investments are predominantly in securities listed on the ASX in Australian and NZX in New Zealand. Occasionally, the Fund may also invest in ASX and NZX securities listed on offshore exchanges in limited circumstances where the security becomes dual listed or develops an association with a global security via a corporate transaction.</p> <p>RBC values Fund assets in accordance with standard and commercially accepted market practice and market prices are generally electronically sourced from third party vendors.</p> <p>Where no independent pricing source is available to value an asset, RBC and the Responsible Entity will determine the value of the asset within acceptable industry standards.</p>	Sections 6 and 11
Liquidity of assets	<p>As at the date of this PDS, IML reasonably expects to be able to realise at least 80% of the Fund's assets, under normal market conditions, at the value ascribed to those assets in calculating the Fund's net asset value (subject to relevant transaction costs), within ten days.</p>	Section 5
Leverage	<p>The Fund does not currently engage in financial leveraging / gearing, in that it does not borrow cash to gear the portfolio.</p>	Sections 5 and 6
Derivatives	<p>The Fund may use listed futures and derivatives for equity market risk hedging, return enhancement and position implementation in the most effective risk-return method. Exchange traded options may also be used within the Fund in option hedging and income-related strategies.</p> <p>You should be aware that there are specific risks associated with the use of derivatives.</p>	Sections 5 and 6
Short Selling	<p>In accordance with the Fund's positive return investment strategy, the Fund may initiate and hold short positions in securities that IML believes will fall in value. In general, this exposure is obtained by borrowing a security from a stock lender and selling it at the prevailing market price with the intention of buying it back at a lower price in the future, and then returning it to the stock lender.</p> <p>You should be aware that there are specific risks associated with short selling.</p>	Sections 5 and 6
Withdrawals or Redemptions	<p>Redemptions are generally processed on a daily basis.</p> <p>Valid redemption requests received before 4:00pm AEST on a Business Day (including if required by law, satisfactory ID Documents), will generally be processed at the redemption price as at the close of business on that Business Day. Note that in some circumstances redemptions can be delayed - see section 3 for more information about how redemptions work.</p>	Section 3

<p>Valuation of Non-exchange Traded Assets</p>	<p>Any non-exchange traded assets are valued by RBC using an independent valuation source. RBC is unrelated to the Responsible Entity. The Fund may invest up to 10% of the Fund’s assets in unlisted securities, provided that at the time of the investment, IML has reasonable grounds to believe that the relevant company’s securities will be listed on a regulated exchange within 12 months of the investment by the Fund. Until the listing date, the unlisted securities would be valued at the discretion of the Responsible Entity.</p> <p>The valuation of non-exchange traded assets is a key “benchmark” for the purposes of ASIC’s regulation of funds of this type. The benchmark addresses whether valuations of the Fund’s non-exchange traded assets are provided by an independent administrator or an independent valuation service provider. IML complies with this benchmark.</p>	
<p>Periodic Reporting</p>	<p>“Periodic reporting” is another key ASIC benchmark. This benchmark addresses whether IML, as responsible entity of the Fund provides periodic disclosure of certain key information on an annual and monthly basis. IML complies with this benchmark and provides regular reporting on the Fund as outlined below.</p> <p>IML will provide the following information to investors on a monthly basis:</p> <ul style="list-style-type: none"> • current total net asset value of the Fund; • application and redemption prices for each Business Day which are available on the Fund’s web page www.iml.com.au/funds/private-portfolio; • net returns on the Fund’s assets after fees costs and taxes; • changes to key service providers of the Fund since the last monthly update; • material changes to the Fund’s risk profile; • material changes to the Fund’s strategy; and • any change in the individuals playing a key role in the Fund’s investment decisions. <p>IML will provide the following information to investors on an annual basis:</p> <ul style="list-style-type: none"> • actual allocation of the Fund to each asset type; • liquidity profile of the Fund’s assets; • monthly or annual investment returns over at least a five-year period or since inception where the fund has been operating for less than five years; and • changes to key service providers of the Fund during the year. <p>IML will also make the Fund’s annual financial report available online on the IML website www.iml.com.au.</p> <p>Monthly and quarterly IML Fund reports are available on the Fund’s web page at www.iml.com.au/funds/private-portfolio and will be emailed to the Fund’s investors and / or their advisers. Updated Fund information is available via the Fund’s website on a monthly basis.</p> <p>The latest reports, which address the above matters, are available on the Fund’s website.</p>	<p>Section 15</p>

The Fund is a ‘hedge fund’ for the purposes of Australian Securities and Investments Commission (ASIC) Regulatory Guide 240. The table above meets ASICs disclosure principles and benchmarks for hedge funds. Any non-materially adverse changes to the benchmark and disclosure principles will be updated on the IML website and a hard copy of any updated information will be provided to investors upon request.

Other key features of the Fund

Summary of costs of Investing in the Fund		Further information
Establishment Fee	Nil	Section 7
Contribution Fee	Nil	Section 7
Withdrawal Fee	Nil	Section 7
Termination Fee	Nil	Section 7
Management Fee	Management Fee 0.993% (inclusive of the net effect of GST) of the net asset value of the Fund	Section 7
Performance Fee	Performance fee 10.25% (inclusive of the net effect of GST) of performance in excess of 3% above the Benchmark. The performance fee is capped at 1.5% of the average NAV in each financial year.	Section 7
Indirect Costs	Indirect Costs 0.09% of the NAV of the Fund	Section 7
Buy-sell Spread	0.30%	Section 7
Minimum Investment Requirements		
Minimum initial investment	\$50,000	Section 3
Unit Pricing and Distributions		
Unit pricing frequency	Daily	Section 3
Distribution frequency	Half-yearly	Section 3
Payment method	Automatically paid in to nominated bank account or reinvested into additional units	Section 3
Investment Objective and Risk		
Investment objective	To provide rate of return (after fees and expenses and before taxes) which is 3% above the Benchmark on a rolling four-year basis.	Section 6
Benchmark	RBA Cash Rate	Section 6
Investment timeframe	Four to five years	Section 6
Investment risk level	Medium to high risk	Section 6

2. About Investors Mutual Limited

IML is a specialist Australian equities fund manager, established in 1998. We have a track record of over 21 years, delivering consistent, long-term returns for clients by applying our 'quality and value' investment style. Focusing on both quality and value, IML has an active, 'bottom-up' approach to identifying, researching and valuing companies. Our approach is systematic, disciplined and focuses on finding companies that meet our investment quality criteria and then determining an appropriate valuation for those companies.

We look to invest in entities with four clear quality characteristics:

- a competitive advantage over their peers;
- recurring, predictable earnings;
- a capable management team; and
- the ability to grow over time.

Additionally, from a valuation perspective, we believe that it is important that these quality companies are trading at reasonable prices. IML's investment philosophy is based on the premise that a company's share price will reflect its underlying value over the long-term. We believe that markets are not fully efficient and there will be times that a company's share price will not reflect what we believe to be that company's true underlying value. Such situations provide our investment team with the opportunity to build long-term value for investors.

IML holds Australian Financial Services Licence No. 229988, which includes an authorisation to operate managed investment schemes.

IML is the Responsible Entity of the Fund and issuer of this PDS.

The Fund's Portfolio Managers

The Portfolio Managers of the Fund are Anton Tagliaferro and Tuan Luu who have more than 50 years combined experience in the funds management industry.

Anton is the Investment Director for Investors Mutual Limited which he founded in 1998 as a boutique, value style Australian equities fund manager. As at the date of this PDS he is a Portfolio Manager for IML's Australian Share Fund, All Industrials Share Fund, Equity Income Fund and QV Equities, an ASX listed investment company. After training and working as a Chartered Accountant in London, Anton joined the funds management industry in 1986.

Anton has a Bachelor of Arts in Accountancy (Hons) and is a Chartered Accountant.

Tuan joined IML in March 2017. He is also a Portfolio Manager for the IML Equity Income Fund. Tuan commenced his funds management career at BNP Paribas Asset Management in 1997 with Anton Tagliaferro. Over the past 23 years, Tuan has developed a specialisation in absolute-return funds management with particular focus in options, event-driven and relative-value trading.

Tuan holds a Master of Applied Finance and a Bachelor of Science from Macquarie University. He is a Senior Associate of the Financial Services Institute of Australasia and Statistical Society of Australia.

The Portfolio Managers are also supported by IML's team of highly skilled and experienced research analysts. The team of analysts are sector specialists who perform the fundamental, bottom-up research on the companies in IML's investable universe.

3. How the Investors Mutual Private Portfolio Fund works

How the Fund works

The Fund is a registered managed investment scheme, whereby your money is pooled with other investors' money. The total value of the assets held in the Fund are divided into units. When you invest, you are issued with units in the Fund which represent your beneficial interest in the Fund.

The price of a unit in the Fund will vary as the market value of the assets of the Fund rises or falls.

You can invest in the Fund by investing directly (by way of making a minimum initial investment - see table below) or by investing through an investor directed portfolio service (IDPS), master trust or other wrap account platform (Platform).

You can increase or decrease your investment by making minimum applications or withdrawals (see table below). You may appoint an alternative as your authorised nominee by having the relevant section of the application form completed.

In each financial year the full amount of taxable income available for distribution from the Fund is intended to be distributed to investors.

Middle-office & investment administrator	RBC Investor Services Trust (RBC)
Prime Broker & Custodian	UBS AG & UBS Noms
Unit pricing	Each Business Day
Minimum initial investment ¹	\$50,000
Minimum additional investment ¹	\$5,000
Minimum redemption amount ¹	\$5,000
Minimum unit holding value ¹	\$50,000
Applications and redemptions	Each Business Day
Distributions calculated	Generally semi-annually, as at the end of June and December

Note 1: We retain the discretion to waive these minimums. If you invest through a Platform, these minimums may not apply to you. Please refer below to "Master trust and wrap account investors".

Unit Pricing

Unit pricing on applications and redemptions is carried out in accordance with the Fund's constitution and IML's Unit Pricing Policy. If we were to exercise our discretion and change the current unit pricing process of the Fund, we must inform you of the exercise of discretion as soon as possible.

A copy of IML's Unit Pricing Discretions Policy is available from us free of charge upon request.

Applications

To invest in the Fund, you will need to download and complete the application form from our website. Please complete the application form 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 Fund is \$50,000. Additional investments must be for a minimum of \$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 Fund's bank account and sending by facsimile to RBC on +61 2 8262 5492 a completed Additional Investment 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 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 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 Fund calculated for the following Business Day. The net asset values of the Fund are usually calculated on a daily basis (details of how application and redemption prices are calculated are set out below).

If you do not complete an Additional Investment Form when making an additional investment, you should keep this PDS (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.

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.

Application and redemption prices

The net asset value of the Fund and the application price and redemption prices are generally calculated each Business Day. A Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in New South Wales.

Application prices and redemption prices are based on net asset value or NAV. NAV is calculated as the value of the assets of the Fund, less the accrued expenses and other liabilities of the Fund (including the daily accrued

management fee and, if applicable, the daily accrued performance fee) as determined by IML. This is then divided by the number of units on issue to arrive at net asset value per unit (NAV per unit).

The application price for a unit in the Fund is calculated as NAV per unit, which is adjusted by adding an amount to reflect transaction costs. Applications received by RBC before 3pm AEST on a Business Day will generally be processed at the application price on that day.

The redemption price for a unit in the Fund is calculated as NAV per unit, which is adjusted by subtracting an amount to reflect transaction costs. Withdrawal requests received by RBC before 4pm AEST on a Business Day will generally be processed at the redemption price on that day.

How to withdraw

You can withdraw by redeeming some or all of your units by writing and mailing or faxing your withdrawal request or Redemption Form to RBC on +612 8262 5492. 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.

Valid redemption requests received before 4:00pm AEST on a Business Day (including if required by law, satisfactory ID Documents), will generally be processed at the redemption price as at the close of business on that Business Day.

If the redemption request is received after 4:00pm, the redemption will usually be processed at the redemption price based as at the close of business on the next Business Day.

The proceeds of any redemption will usually be available within 7 Business Days and paid to the investor by direct credit to their nominated bank account.

There is a minimum redemption amount of \$5,000. In addition, if your redemption request would result in your investment balance being less than \$10,000, we may treat your redemption request as being for your entire investment. We will provide investors with advance notice of any compulsory redemption. The minimum balance does not apply to investments through an IDPS.

Subject to the terms of the Fund constitution, 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 Fund.

Restrictions on withdrawals

If we delay redemptions, the redemption price is the next calculated redemption price. It is our intention to manage the Fund so that it is "liquid" for the purposes of the Corporations Act. If the 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. We reserve the right to delay withdrawals where there are circumstances outside our control which we consider impact on our ability to properly or fairly calculate a redemption price, or where there are withdrawal requests of more than 20% of the value of the net assets of the Fund. In these circumstances, investors may not be able to withdraw funds within the usual period upon request.

Income distributions

The Fund generally pays distributions on a semi-annual basis with the final distribution calculated as at the end of June each year and paid in early July. IML may decide to make an interim distribution out of distributable income accruing during any interim period and will inform investors accordingly. Distributions can be made up of income as well as net realised capital gains on the sale of assets.

Each investor's distribution amount is calculated by dividing the total amount of the distribution by the total number of units of the Fund on issue at the distribution calculation date, and multiplying the result by the number of units held by each investor on that date. You can choose to have your distributions 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, IML will reinvest your distribution payment at NAV per unit. This means that no transaction costs will be applied.

Units issued for reinvested distributions will be priced using the next NAV per unit calculated as at the end of the relevant distribution period.

The Fund Constitution

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

The constitution deals with:

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

Subject to the Fund's constitution and the law, your liability in relation to your investment in the 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, the constitution limits our need to compensate you if things go wrong. In general, if we comply with our duties as responsible entity of the Fund, then we are not legally required 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 the constitution free of charge by calling, emailing or writing to IML. IML's contact details are listed in the back cover of this PDS.

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

Master trust and wrap account investors

We authorise the use of this 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 do so, you will not acquire the rights of a unit holder of the Fund. The operator of the Platform acquires these rights on your behalf. 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.

If you invest through a Platform, you can only withdraw or make subsequent investments through the operator of that service. If you are investing through a Platform, enquiries should be directed to the operator of that service and not IML. In addition to this PDS, you should read the document that explains the Platform, as issued by your Platform operator.

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 Other Management Costs (or OMC) and performance statement, 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 the 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. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

4. Benefits of investing in Investors Mutual Private Portfolio Fund

IML's competitive advantage

We believe that investing with IML offers a competitive advantage as a result of the following:

- **Having a well-resourced team** of highly qualified investment analysts who use the IML research methodology to perform their analysis.
- **A culture of performing its own extensive analysis** rather than relying solely on broker research.
- **Adherence to the IML investment process.** Despite periods of market euphoria where share prices have traded well above their underlying fundamental valuation, as occurred in the boom of 2001 and in certain sectors prior to the global financial crisis, the IML investment team have remained disciplined in the application of our investment philosophy and process since its inception.
- **IML's Buy/Sell Discipline** ensures stocks held are within their valuation range, effectively establishing entry and exit price points. For stocks held, when the market price comes within the valuation range the stock is reassessed by the Portfolio Managers to determine whether to continue holding it or to trim the position and find other opportunities, and short-selling what we believe to be overvalued and/or challenged companies.

Significant features of the Fund

The Fund aims to generate positive total returns across different market cycles with a focus on capital preservation.

The Fund leverages IML's stock selection skills and expects to deliver investors a return profile that has low correlation to equity market directions. The Fund is not geared and will utilise the following strategies to generate returns:

- 1 **Relative value** - investing in reasonably valued assets with attractive characteristics and shorting at times overvalued and/or structurally challenged assets.
- 2 **Events** - targeting corporate event catalysts such as takeovers, share buy-backs, M&A activity and capital issues.
- 3 **Income** - utilising IML's research and stock-selection capabilities to target inefficiencies in the market and derive income from prudent options strategy.

Significant benefits

Investing in the Fund offers you a range of benefits:

- The Fund's ability to use prudent derivatives strategies and short-sell shares provides investors with relative capital stability and the ability to adapt to changing market conditions.
- It offers investors IML's trademark conservatism and edge in quality-focused stock selection with low sensitivity to market directions.
- Your money is managed by IML's investment professionals who have access to investment techniques, particularly the ability to reduce market risk by short-selling and applying prudent derivatives strategies, that may not be available to all investors;
- You are given access to investment opportunities, capital issues and markets that may not be accessible to all investors;
- Unless the Fund has become illiquid, you can generally apply to withdraw your investment on any Business Day; and
- You can take advantage of the ability that fund managers can usually transact at a lower cost than individual investors.

5. Risks that you should consider

All investments carry risk and generally go up as well as down in value. The likely investment return and the risk of losing money is different for each managed investment scheme as different strategies carry different levels of risk depending on the underlying mix of assets that make up each fund. Those assets with the highest potential long-term return (such as shares) may also have the highest risk of losing money in the short-term. When investing, it is important to understand that:

- the value of your investment will go up and down;
- investment returns will vary, and may differ from past returns;
- the performance of the Fund or the return of capital is not guaranteed – this means you could receive back less than you invested and there is no guarantee that you will receive any income distributions.

The appropriate level of risk for you will depend on a range of factors including your age, investment timeframe, financial goals, where other parts of your wealth are invested and how comfortable you are with potential fluctuations in the value of your investment.

While we are not able to remove all the risks associated with an investment in the Fund, IML employs a range of investment and risk management strategies to identify, evaluate and manage these risks.

The significant risks for the Fund are summarised below.

Individual investment risk

Individual investments made by the Fund will fluctuate in value, meaning that on occasion they may fall in value.

A company's share price may fluctuate for a number of reasons. A company may undergo changes in its financial or operating circumstances and may also face broader influences such as political and industry changes. Unlisted securities are considerably less liquid than listed securities.

Integral to the Fund's relative value strategy is the determination of undervalued and overvalued securities. Market, technical and corporate drivers may be adverse to the Fund's view and positioning, and this can cause investment losses.

Corporate event risk

Event-driven investments made by the Fund assume a rational outcome such as deal completion within a reasonable time period. Changes in regulatory, legal, market and company-specific factors may adversely affect the outcome of corporate event investments.

Liquidity risk

As the Fund will invest in securities listed on the ASX in Australia, NZX in New Zealand and occasionally may also invest in ASX and NZX securities listed on offshore exchanges. If there is an interruption of market regular trading or for a particular Fund asset (or if official quotation of stocks is denied), there may be delays in processing withdrawal requests.

Short-selling risk

A short selling position can be created when the Fund sells a borrowed security before buying it back from the open market to return to the securities lender. Short-selling a security involves a higher level of risk than purchasing a security. A short-sold security may rise on earnings recovery speculation, corporate action and take-over expectation; or borrow recall at an adverse time. In that case, the Fund will incur a loss when buying back that security. The Fund may experience increasing losses if the short-sold security's price continues to rise (with no upper limit), until the position is closed. A further risk is that the relevant securities lender may recall a borrowed security, so the Fund will have to find another securities lender willing to lend the security, or may have to buy the security back at an unfavourable price.

Fund risk

Risks particular to the Fund include the risk that it could be wound up, the fees and expenses could change, IML could be replaced as responsible entity or investment manager or its portfolio managers could change. You could receive back less than you invested and there is no guarantee that you will receive any income. If there is an interruption of regular trading for a Fund asset, there may be delays in processing withdrawal requests. The laws affecting registered managed investment schemes may change in the future, and those changes may be adverse to your interests.

Performance risk

The performance of the Fund or the return of capital is not guaranteed. The value of your investment in the Fund will go up and down with the value of the Fund's assets. The level of returns will vary and future returns may differ from past returns.

Market, country, legal and political risk

Economic, technological, political, legal and market conditions are variable. Changes in these factors can have both positive and negative influences on the value of the Fund's investments.

Foreign currency risk

The Fund may have exposure to assets and/or earnings denominated in foreign currency as part of its investment strategy. Currency fluctuations between the Australian dollar and the currency underlying the Fund's offshore exposures may adversely affect the Fund's asset value.

Interest rate risk

Changes in interest rates can also have a positive or negative impact directly or indirectly on investment values or returns. For example, bonds, notes, hybrid securities, cash and other interest-bearing securities are quite sensitive to fluctuations in interest rates.

Counterparty risk

If the Fund's counterparties to financial transactions including derivatives and stock-borrow arrangements fail to meet their obligations, the Fund may incur significant losses.

Prime Broker risk

We have engaged a Prime Broker to provide stock for the borrowing and lending of securities in the Fund, as well as settlement services and other services agreed between the parties. When stock is borrowed, the Prime Broker can take collateral over the assets of the Fund – such assets may be used by the Prime Broker for its own purposes while the collateral remains in place. If the Prime Broker becomes insolvent while the collateral remains in place, then there is a risk that the assets of the Fund may not be returned in full.

Derivatives risk

Derivatives risks include illiquidity, the value of derivative positions not moving in line with the movement in the underlying asset, and the Fund being unable to meet payment obligations as they arise in relation to derivatives contracts.

Manager risk

The Fund's underlying strategy is largely dependent on the continuation of services and skills of IML's employees. The loss of one or more key personnel may negatively impact the value of the Fund. To reduce reliance on any particular individual, IML undertakes active succession planning and cross training of team members. Financial incentives are also provided to retain talent and reward performance.

6. How we invest your money

When making an investment decision you should consider the likely investment return, the risk and your own investment timeframe.

IML's investment philosophy

In simple terms, IML invests in companies that represent both quality and value. However, underlying those simple words is a systematic, disciplined, 'bottom-up' approach to identifying, researching and valuing companies.

IML's investment philosophy is based on the belief that a company's share price will reflect its underlying quality and value in the long-term. We believe that markets are not always fully efficient and there will be times that a company's share price will significantly deviate (both lower and higher) from what we believe to be that company's true value. Drivers of such short-term inefficiencies may include market underreaction and overreaction to corporate announcements and market events, investor sentiment, momentum and automated trading algorithms, and general lack of discrimination.

By combining our detailed fundamental research with a rational investment management approach, we aim

to generate consistent returns from investing in quality companies at attractive valuations while maintaining relative capital stability by hedging market risk and short-selling what we believe to be overvalued and/or challenged companies.

IML's investment approach

IML has an active, bottom-up approach to identifying, researching and valuing companies. Our approach is systematic, disciplined and focuses on investigating companies to determine their drivers and appropriate valuations. Through this detailed fundamental research process, we should also be able to identify both long and short investment opportunities from understanding the companies' strengths and weaknesses.

We believe that the underlying value of a company is best determined by quantifying and valuing the sustainability, quality and growth potential of a company's future earnings stream. The earnings stream from a company is important to us because it enables both the payment of dividends to shareholders and the reinvestment into the business for future growth.

Investors Mutual Private Portfolio Fund – Summary of Investment Objective and Strategy

Investment return objective	To provide a positive rate of return (after fees and expenses and before taxes) which is 3% above the return of the Fund's Benchmark on a rolling four-year basis.
Investment strategy ¹	The Fund focuses on relative capital stability and positive return generation through stock selection (long and short), corporate event opportunities and income capturing strategies, predominantly in securities listed on the ASX in Australia and NZX in New Zealand. Occasionally, the Fund may also invest in ASX and NZX securities listed on offshore exchanges in limited circumstances where the security becomes dual listed or develops an association with a global security via a corporate transaction.
Benchmark	RBA Cash Rate.
Portfolio exposure ²	Cash exposure: 0 to 130% of Fund NAV ³ Long exposure: 0 to 100% of Fund NAV Short exposure: 0 to 30% of Fund NAV ⁴
Asset Classes and allocation ranges	Cash: 0% – 130% Australian & New Zealand Equities ⁵ (Long): 0% - 100% Australian & New Zealand Equities (Short): 0% - 30%
Minimum suggested Investment timeframe	An investment horizon of four to five years.
Risk level	This Fund is considered to be a medium to high-risk investment.
Fund performance	You can find the latest Fund information on the Fund's web page at www.iml.com.au/funds/private-portfolio

Changes to Fund details

Subject to law and the Fund constitution, we have the right to make changes to the Fund at any time and in some cases without giving prior notice. Changes may include closing the Fund to new investors, terminating the Fund or changing the Fund's investment objective, benchmark, asset classes, asset allocation ranges and investment strategy. If there is a material change, we will update this PDS and inform investors of the material change as required by law. If you are investing through a Platform, information and reports on your investment in the Fund will be provided to you by the Platform Operator, not by us.

1. The Fund may invest up to 10% of the Fund's assets in unlisted securities, provided that at the time of the investment, IML has reasonable grounds to believe that the relevant company's securities will be listed on a regulated exchange within 12 months of the investment by the Fund. Please note that securities which IML expects will list on a regulated exchange may not be granted official quotation by that exchange, as the listing and quotation of securities are within the exchange's complete discretion.
The Fund may gain exposure to investments through other registered managed investment schemes. Where those schemes are also managed by IML, you will not be charged additional management fees to the extent that those fees relate to an investment on behalf of the Fund.
2. The portfolio exposure guidelines provide an indication of the maximum exposure ranges in the Fund. In practice, IML intends to maintain its traditional conservatism in exposure management.
3. In the event that the Fund reaches its maximum short-sale limit of 30%, and does not have any long investments, the short-sale proceeds together with the Fund's natural cash holding can raise the gross cash level to 130% of NAV.
4. Short exposure is predominantly obtained via short-selling Australian and New Zealand securities and derivatives listed on the ASX and NZX.
5. In addition to securities listed on the ASX in Australia and NZX in New Zealand, the Fund may invest in listed futures and options; bonds, notes and other interest-bearing securities. The Fund may also invest in ASX and NZX securities listed on offshore exchanges in limited circumstances where the security becomes dual listed or develops an association with a global security via a corporate transaction.

As a guideline, the Fund will usually hold around 30 to 100 long and short securities to achieve its investment objective of positive return generation through stock selection, corporate event and income capture. The main investments of the Fund may include a combination of:

- securities listed on the ASX and NZX. This group represents the majority of the Fund's investments. Occasionally on offshore exchanges due to dual listings or corporate transactions;
- Australian and New Zealand entities listed on offshore exchanges (including dual-listed securities);
- global securities that develop an association with an Australian or New Zealand entity via a corporate transaction such as M&A;
- cash (and cash equivalents such as other investment grade notes, bonds, interest-bearing securities and hybrids); and
- equity, index and futures derivatives (bought and sold), as described below:

IML may use options, futures and other derivatives to manage risk, to gain directional exposure to particular securities and markets and/or to enhance the returns of the underlying physical investments. Derivatives are not used speculatively for the purposes of leverage or gearing the Fund.

The Fund may also engage in short selling to hedge risk or generate returns where we anticipate that the price

of a security will decline or underperform another long investment in the Fund. The Fund can borrow securities from a securities lender (Prime Broker), sell the securities on the market with the intention of buying back the equivalent securities at a lower price and returning them to the lender.

The Fund is not financially geared and will utilise three key strategies to generate returns:

- 1 **Relative value** - investing in reasonably valued assets with attractive characteristics and at times shorting overvalued and/or structurally challenged assets.
- 2 **Events** - targeting corporate event catalysts such as takeovers, share buy-backs, M&A activity and capital issues.
- 3 **Income** - utilising IML's research and stock-selection capabilities to target inefficiencies in the market and derive income from prudent options strategy.

For the Fund's long investments, we look to invest in companies with four clear quality characteristics:

- competitive advantage
- recurring earnings
- capable management
- the ability to grow over time

For any securities that are short sold by the Fund, we look for the following factors:

- over-valuation from short-term momentum and investor sentiment;

- structural challenges from changing underlying industry / company dynamics;
- adverse impact from market and corporate-event developments;
- systemic, fundamental, technological and environmental shifts in underlying supply / demand of commodities and services.

As markets move through different cycles, assets and companies may significantly deviate in valuation, quality and their ability to generate returns for investors. This creates the opportunity to invest in more attractive value and quality companies, and potentially short-sell overvalued and/or structurally challenged assets after thorough research. Over time, positive return is expected from the outperformance of the long investments over the short-sold assets.

The Fund’s investment process

A summary of the investment process to be implemented by the Portfolio Managers for the Fund is outlined below.

Initial screening	IML applies an initial series of quality screens to all entities listed on ASX to generate a number of ‘investment grade’ entities that are worthy of further consideration.
Review Process	The IML investment team reviews the investment grade entities to seek out potential opportunities likely to generate a return for the Fund. IML generates a list of entities that will be subjected to in-depth, fundamental analysis in order to identify if they are appropriate for the Fund.
Assessment and valuation	<p>Each entity is assessed by two members of IML’s investment team using a rigorous analytical process with particular emphasis on the business, the people and the price. The detailed assessment of each entity is a five-step process:</p> <ol style="list-style-type: none"> 1 segmental analysis: fundamental analysis of the entity’s assets, income, areas of activity and geographic region, during the previous five financial reporting years; 2 company and industry contact: IML investment team meets with senior management of the entity on a regular basis, and contacts industry competitors, suppliers and customers; 3 stock research reports: IML investment team prepares a detailed snapshot of the company, its risks, strengths, micro and macro factors, growth profile and corporate governance details; 4 valuation: undertakes an internal valuation of the entity considering key metrics including EBITDA and NTA; and 5 price targets: IML investment team determines entry and exit points for acquiring and disposing of securities in the entity as well as a guide to the potential return IML expects from a particular entity.
Quality Scoring	IML scores each entity on a range of factors including management, financial strength and transparency of earnings. The quality scores are used as a rank indicator for IML’s long-term assessment of the entity. While scoring is subjective, it is internally peer reviewed by each analyst in IML’s investment team.
Positive return strategy	<p>The Portfolio Managers employ a positive return strategy that leverages IML’s stock selection skills with a return profile that has low correlation to equity market directions. The Fund will use three key strategies to generate returns.</p> <ol style="list-style-type: none"> 1 Relative value - investing in reasonably valued assets with attractive characteristics and at times shorting overvalued and/or structurally challenged assets. 2 Events - targeting corporate event catalysts such as takeovers, share buy-backs, M&A activity and capital issues. 3 Income - utilising IML’s research and stock-selection capabilities to target inefficiencies in the market and derive income from prudent options strategy.

Portfolio Construction

Following the completion of each of the above phases, the Portfolio Managers will then select investments for the Fund under the following strict controls and conditions:

Diversification guidelines or limits

The Fund aims to diversify its investments across its three core strategies: relative value, events and income. Actual capital allocation, however, depends on the availability of relative return/risk opportunities at any given time.

The Fund targets 30 to 100 long and short positions across its strategies to ensure adequate risk diversification.

Maximum individual security holding limits are in place and monitored daily, with 50% drift allowance. These limits control individual security risk.

Fund risk management strategy

Risk is managed within the Fund by:

- Diversification of investments across its three core strategies – relative value, events and income;
- Conservative exposure limits of 30% for short exposure and 100% for long exposure;
- Targeting 30 to 100 long and short positions across its strategies to ensure adequate risk diversification;
- Setting maximum individual security holding limits for long positions and short positions;
- Ensuring that all written call options in the Income strategy are fully covered by underlying stocks; and
- Maintaining a reasonable cash reserve for opportunities and liquidity.

Portfolio construction guidelines

These aim to minimise risk through proper diversification without negatively impacting on the delivery of consistent performance returns. These guidelines are in operation every day and provide a warning alert as positions near their limits.

Compliance and dealing

IML's investment management system is used to allocate trades and monitor compliance. The investment management system provides alerts to relevant IML staff regarding investment positions (including the cash position) approaching their limits. The daily reports generated by the investment management system allows the Portfolio Managers to view the portfolios in isolation and in a summary format with all like portfolio included on a summary report. This enables the Portfolio Managers to identify inconsistencies between like portfolios.

The investment management system is also used by the Portfolio Managers during the day to assist in managing trade amounts and trade allocation between IML's portfolios.

Location and currency denomination of assets

The Fund will invest predominantly in securities listed on the ASX in Australian and NZX in New Zealand. Occasionally, the Fund may also invest in ASX and NZX securities listed on offshore exchanges in limited circumstances where the security becomes dual listed or develops an association with a global security via a corporate transaction. The Fund's assets will be denominated in Australian dollars.

Role of leverage, derivatives & short selling

Leverage: the Fund will not be using financial leverage / gearing, in that it will not borrow cash to gear the portfolio.

Derivatives: the Fund may use listed derivatives including futures and options for equity market risk hedging, return enhancement and position implementation in the most effective risk-return method. Exchange-traded options may also be used within the Fund in option, hedging and income-related strategies.

Short-selling: the Fund may initiate and hold short positions in securities that IML believes may fall in value or underperform the Fund's long investments. These short-sold positions serve to hedge the Fund's market risk and/or generate relative returns.

Changes in Fund Details

IML retains the right to close, terminate or change the Fund's investment strategy. Investors will be informed of any material changes in the Fund's details as part of regular communications in relation to the Fund or as otherwise required by law. Material changes made to the Fund will also be disclosed on our website www.iml.com.au.

7. Fees and costs

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

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 investment 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 Fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

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 Fund assets as a whole. You can use this table to compare costs of this product with other managed investment schemes.

TYPE OF FEE OR COST ¹	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Fund		
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		
Management fees² and normal expenses 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 Fund except for transaction costs, government charges and abnormal expenses.	0.993% p.a. (inclusive of the net effect of GST) of the net asset value (NAV) of the Fund Refer to the Management Costs table below.	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. ²

Performance fees Payable to IML if the performance of the Fund exceeds the return of the Performance Hurdle for the Fund.	10.25% (inclusive of the net effect of GST) of the excess investment returns made in excess of 3% above the benchmark. Any performance fee payable is capped at 1.5% of the average NAV in each financial year. Refer to the Performance fee table below for further details.	This fee is calculated and accrued daily and is paid at the end of the Performance Fee Period to IML from the assets of the Fund.
Abnormal expenses 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.
Indirect costs³ Indirect costs are any amount not already disclosed as a fee or cost that directly or indirectly reduces the return of a Fund.	0.09%	Reflected in the unit price of the Fund and are not charged to you as a fee or paid to us.
Service fees		
Investment switching fee 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). However, if the GST rate increases, or if the full amount of RITC is not available, the Fund's constitution allows us to recoup the extra amount out of the Fund.

Note 2: The amount of this fee may be negotiated for wholesale investors. IML has decided to pay normal expenses out of its management fee entitlement, so it will only be reimbursed out of the assets of the Fund where the expenses are abnormal expenses. Please refer to 'Negotiated Fees' below in the 'Additional Explanation of Fees and Costs'.

Note 3: Indirect costs are calculated based on the total average NAV for the financial year ending 30 June 2019, and incorporate estimated amounts with reference to the relevant costs incurred during that period.

Example of annual fees and costs¹

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

EXAMPLE Investors Mutual Private Portfolio Fund		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
PLUS Management Costs comprising:	1.245%	And , for every \$50,000 you have in the Fund you will be charged \$622.50 each year.
Management fee	0.993%	
Performance fee ²	0.162%	
Indirect costs	0.09%	
EQUALS Cost of Fund	1.245%	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$622.50* What it costs you will depend on the fees you negotiate.

Note 1: We are required to use examples based on an additional contribution of \$5,000. Please note that this is an example only and does not take into account transaction costs, government charges or any movements in the investor's investment or distributions that may occur over the course of the year.

Note 2: This estimated performance fee is based on the performance fee earned between 1 July 2018 and 30 June 2019 which was \$16,653. Performance is not guaranteed and a performance fee is not always payable. The level of future performance can be higher or lower. Accordingly, actual management costs can be higher or lower.

* Additional fees may apply. The above example assumes the balance of \$50,000 remains constant throughout the year and the additional contribution of \$5,000 was made on the last business day of the year. Any additional investments made will increase the portfolio balance on which the management costs are calculated. The example does not take into account the buy/sell spread or other transaction costs, nor any abnormal expense recoveries.

IML will not charge any additional fees unless investors are notified in accordance with the information set out at 'Additional explanation of fees and costs' below.

Additional explanation of fees and costs

Management Costs

Management costs comprise the fees or costs (including indirect costs) that you incur by investing in the Fund.

The management fee is the fee for IML's services as Responsible Entity and manager of the Fund.

The management fee and performance fee (if applicable) is calculated and accrued daily. The management fee is paid monthly in arrears to IML from the assets of the Fund. If applicable, the performance fee is paid annually to IML from the assets of the Fund.

The performance fee is 10.25% (inclusive of the net effect of GST) of investment returns made in excess of 3% above the Benchmark. The actual performance fee will vary and depend on the Fund's actual return. Information on how we calculate the performance fee can be found on the following pages.

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

Management Costs = Management fee (including normal expenses)

+ Performance Fee (if applicable)

+ Indirect Costs (excluding transaction costs)

+ Abnormal Expenses (if incurred).

Management costs include the management fee and performance fee, if any, charged by IML for overseeing the operations of the Fund and / or for providing access to the 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 Fund. 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).

Management fee	Performance fee	Indirect costs
0.993% of the NAV (inclusive of the net effect of GST)	10.25% (inclusive of the net effect of GST) of investment returns made in excess of 3% above the Benchmark	0.09% of the NAV for the financial year ended 30 June 2019

Management fee

Management fees are the fee for IML's services as Responsible Entity and manager of the Fund, and / or for providing access to the Fund's underlying investments. The management fee for the Fund is set out in the table above. Management fees are calculated on the NAV of the Fund (inclusive of GST less any RITC entitlements).

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 Fund where such expenses are abnormal expenses. Whilst IML does not currently recover normal expenses out of the assets of the 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.

Performance fee

IML is entitled to recover performance fees from the Fund.

Details	Investors Mutual Private Portfolio Fund
Performance Fee	10.25% (inclusive of the net effect of GST)
Benchmark	RBA Cash Rate
Performance Hurdle	Benchmark plus 3%
Maximum Performance fee under the constitution	20.50% (inclusive of the net effect of GST)
Performance Fee Cap	1.5% of the average NAV in each financial year
Performance Fee Period	Twelve months ending on 30 June

A performance fee is payable to IML if the performance of the Fund exceeds the return of the Performance Hurdle

for the Fund during the Performance Fee Period. The performance fee payable to IML is capped at 1.5% of the average Net Asset Value of the Fund over the financial year. It is not possible to estimate the actual performance fee payable in any given period, as IML cannot forecast what the performance of the Fund will be. It is noted that the Performance Fee payable for the financial year ended 30 June 2019 was 0.162% of the net asset value of the Fund, however any future performance can be higher or lower in subsequent years. You should note, however, that the performance fee will be reflected in the management costs for the Fund for the relevant year. Information on current performance fees will be updated from time to time on the Fund's web page www.iml.com.au/funds/private-portfolio.

Calculation and accrual of Performance fees

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

Actual Performance

IML determines the difference between the 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 the Fund may be positive or negative, representing the outperformance or underperformance of the Fund against its Performance Hurdle.

Actual performance is measured as the percentage change in mid-price (assuming distributions are reinvested) between the Business Day of the calculation and the previous Business Day of the calculation.

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

Daily Performance fee

Each Business Day, the percentage outperformance (or underperformance) (i.e. the Actual Performance) 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.

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 payable to IML at the end of the Performance Fee Period 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. Where a performance fee is payable in a particular Performance Fee Period, it is capped at 1.5% of the average Net Asset Value of the Fund over each financial year.

Performance fee cap

IML has elected to apply a 1.5% Performance Fee Cap to the Fund over each financial year (i.e. over each Performance Fee Period)¹. If the Performance Fee Cap is reached during the Performance Fee Period then IML will not be entitled to any further performance fee during that Performance Fee Period even if the Fund's outperformance of the Performance Hurdle exceeds the Performance Fee Cap.

The Performance Fee Cap is calculated on average NAV of the Fund during the relevant financial year (i.e. the Cap will be calculated as 1.5% of the average NAV during each financial year). Due to market fluctuations or other factors that may affect the average NAV over the year, there may be instances where the Fund will, at the end of the financial year, make an adjusting entry to any

1. The Performance Fee Cap will be pro-rated for any period of the Fund that is less than a full financial year.

accrued performance fees. IML will ensure that any such adjustment will not result in the performance fee payable to IML over the year being greater than the Performance Fee Cap (i.e. no greater than 1.5% of the average NAV of the Fund).

The following table 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 Scenarios

The following example outlines 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 page 28 of this PDS for further information on Transaction Costs.

Assume that you are the only investor and you make an investment of \$100,000 into the Fund on 1 July. At this point, 100,000 units would be issued to you at \$1 each.

The Benchmark Index Return is 2% in this example.

Assume that the NAV of the Fund increased to \$108,000 on 30 June. Assume you also received a \$2,000 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 per unit is now \$1.10.

Let's assume the average NAV of the Fund over the period was \$105,000.

Description	Formula	Example	Result
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	(\$108,000+\$2,000)/100,000	\$1.10
Fund Return	Current NAV per unit/Prior NAV per unit ex Price) -1	\$1.10/\$1.00 - 1	10%
Benchmark Index Return	Current Day Index / Prior Day Index) - 1	As per assumption	2%
Hurdle Rate	Benchmark Index Return + Excess %	2% + 3%	5%
Excess Return	Fund Return – Hurdle Rate	10% - 5%	5%
Performance Fee	NAV x Excess return x 10.25%	\$105,000 x 5% x 10.25%	\$538
Performance Fee Cap	NAV x Performance Fee Cap	\$105,000 x 1.5%	\$1,575

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

The performance fee payable of \$538 at the end of 30 June is included in the \$1.10 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 \$108,000 (100,000 units x \$1.08). The new high water mark is \$1.10.

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 \$2,000 at the end of the period. This makes the cum NAV per unit to be \$1.04 (\$104,000/100,000) and the performance of the Fund to be 4%. Assuming all other factors remained the same, there is no performance fee payable as the actual performance of 4% has not exceeded the hurdle rate of 5% for the Performance Fee Period. The NAV remained at \$102,000 and the ex-NAV unit is unchanged at \$1.02.

Abnormal expenses

Abnormal expenses may be charged in some circumstances, particularly if significant changes occur or are made to the Fund.

Indirect costs

Indirect Costs are any amount, not already disclosed as a fee or cost, that directly or indirectly reduces the return of the Fund. The Management Cost disclosed in the table of fees and costs in the PDS for the Fund shows IML's reasonable estimate of the indirect costs for the Fund

in the current financial year. Indirect costs (if any) are reflected in the unit price of your investment in the 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 unless the changes are required by law to be disclosed to investors.

Other fees and charges

Buy / Sell Spread

Application and redemption prices for the Fund reflects an adjustment for an amount that represents the transaction costs, also known as the buy-sell spread, incurred by the Fund to acquire or sell the assets of the Fund 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 Fund 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 Fund. 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 the Fund is 0.30%. 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.

Transaction costs and table of transaction costs

In carrying out its role as manager and Responsible Entity of the Fund, the Fund may incur certain transactional and operational costs, such as brokerage, settlement costs, borrowing 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" above.) 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.

Table of Transaction Costs*

Fund	Estimated Transaction Costs	Estimated transaction costs recovered through buy/sell spread	Estimated net transaction costs payable by investors
Investors Mutual Private Portfolio Fund	1.07%**	0.00%	1.07%**

* Information about transactional and operational costs is determined in relation to the financial year ending on 30 June 2019.

** For the first year of operation, the Fund only had seed investors and was not open to retail investors. During this time transaction costs that would typically be recovered through the application of buy/sell spreads were passed to investors via the unit price. Going forward, it is expected that the buy/sell spread will be recovered in the usual course.

Adviser fees

You may pay additional fees to a financial adviser if a financial adviser is consulted. You should refer to your Statement of Advice for any fee details. IML does not pay fees to financial advisers.

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 for further information

Fee Changes and other fees

Fees can change, and other fees and costs may apply to the Fund. Subject to the Fund's constitution and 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 Fund with at least 30 days notice of any proposed increase in fees. Some fees can be negotiated if you are a wholesale investor.

Maximum fees and changes to maximum fees

Under the Fund's Constitution, IML may charge a management fee up to 2% per annum (excluding GST) of the Fund's Net Asset Value which is calculated and accrued daily and payable monthly in arrears. IML may also charge an application/redemption fee of up to 4% (excluding GST) of each application/redemption amount.

Where a performance fee is payable for a particular Performance Fee Period, the maximum performance fee that IML may charge under the constitution is 20.50% of the Fund's average Net Asset Value over the Performance Fee Period.

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

ASIC fee calculator

To calculate the effect of fees and costs on your investment in the Fund, you can use the calculator provided by ASIC at www.moneysmart.gov.au.

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 Fund and is not an amount paid out of the assets of the Fund. 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.

GST and RITC

For the purposes of the PDS, it has been assumed that IML will be entitled to the maximum amount of Reduced Input Tax Credit (RITC) applicable when stating fee amounts. If the Goods and Services Tax (GST) rate increases, or if the full amount of RITC is not available, the Fund's constitution allows us to recoup the extra amount out of the Fund. This PDS details the Management Fee quoted net of GST less RITC.

8. How Managed Investment Schemes are taxed

WARNING: Your investment in a registered managed investment scheme is likely to have tax consequences, which in general will occur on an annual basis even if you do not change your investment. It is intended that no income tax will be payable by the Fund as IML will attribute all the taxable income of the Fund to unit holders. Registered managed investment schemes do not pay income tax on behalf of members.

The distributions from the Fund will include the income the Fund has generated from 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). Investors are assessed for tax on any income and capital gains generated by the Fund, if any.

Attribution Managed Investment Trust (AMIT)

It is expected that the Fund will meet the eligibility criteria to elect into the AMIT regime. In this event, IML, in its capacity as responsible entity intends to make the election to become an AMIT.

The AMIT regime provides a tax system for eligible Managed Investment Trusts (MITs) that elect to be an AMIT. Where the Fund qualifies as a MIT for income tax purposes, IML as responsible entity may also seek to make an election to treat the disposal of covered assets on capital account. The AMIT 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 new 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 new 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 Fund, intends to elect to opt-in to the AMIT regime where the eligibility criteria is met.

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 Fund is not subject to GST, however, the Fund may pay GST on the services they acquire. Fees and expenses payable by the Fund 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, the Fund's constitution allows us to recoup the extra amount out of the Fund.

Capital gains tax when you withdraw from the Fund

Australian residents who invest in the Fund 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 Fund. 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 Fund is a Reporting Australian Financial Institution and complies with its obligations under the FATCA IGA

and Australian domestic laws. That is, IML and the Fund has registered with the IRS and will collect and report information in relation to the 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 the 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 non-residents 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.

As tax matters for managed investment schemes are complicated, you are strongly advised to seek your own professional tax advice.

9. How to apply

To invest in the Fund, complete the Application Form found on our website www.iml.com.au. By signing the form, you are confirming that you have received this PDS and had an opportunity to read it. Application payments can be made either by cheque or direct credit.

Investors making application payments by direct credit are advised that their application will not be processed until both the completed application form and the cleared funds have been received.

Generally, if a new or additional application is received before 3.00pm AEST or before 4.00pm AEST for applications via SWIFT NET, it will be processed at the application price for that Business Day*. Application requests received after 3.00pm AEST (or 4.00 AEST for applications via SWIFT NET) where applicable) on a Business Day will be processed at the application price for the next Business Day.

* For initial applications, the required AML/CTF supporting material must be received and the KYC on boarding completed before applications can be processed for that business day, otherwise, the application will not be processed that day.

10. 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 Fund, prepare, sign and provide requests to redeem units in the Fund, advise of changes to your details in respect of your investment in the Fund, and obtain information about your investments in the Fund. 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 Fund 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.

11. The custodian, investment administrator and prime broker

IML, as Responsible Entity, has the power to delegate certain duties in accordance with the Corporations Act and its Constitution and have engaged independent service providers to manage the Fund's prime brokerage, custody, funds administration, unit registry and accounting requirements.

IML has entered into contractual arrangements with each of its service providers and periodically monitors and reviews their performance to ensure that services are provided in accordance with the terms of such agreement.

Investment Administrator

IML has appointed RBC to provide funds administration and unit registry service to the Fund including:

- i) Fund accounting and tax services;
- ii) trade confirmation and reconciliation; and
- iii) Unit pricing and registry services.

RBC has given, and has not withdrawn before the preparation date of this PDS, its written consent to be named in this PDS as the administrator for the Fund.

Prime Brokerage and Custody

IML has appointed UBS AG as the Prime Broker and UBS Noms as Custodian of the Fund under the terms of a customer agreement for Australian prime broking services.

Under the Prime Broking Agreement, UBS AG and UBS Noms provide the following services:

- Clearing and settlement of transactions;
- Borrowing and lending of securities; and
- custodial services.

UBS AG acts as the securities lender by providing securities that can be borrowed when implementing the Fund's short strategy. Securities are generally lent out at a pre-determined fee agreed with IML. UBS AG has no decision-making discretion and provides no investment advice in relation to the assets of the Fund. The obligations of the Fund to the Prime Broker in respect of any transactions will be secured by cash deposited with the Prime Broker, assets transferred to the Prime Broker and a security interest over assets held in custody. Subject to limitations, the Prime Broker may request that

the Custodian pay or deliver assets to the Prime Broker. The Prime Broker is entitled to sell, lend or otherwise use such assets for its own purposes, subject to an obligation to return equivalent securities or cash value. Any assets so used are not segregated from the Prime Broker's own property and may be available to third party creditors of the Prime Broker in the event of the insolvency of the Prime Broker.

To the maximum extent permitted by law, UBS AG expressly disclaims and takes no responsibility for any statements in, or omissions from, the PDS other than the statements made with its consent. UBS AG, Australia

Branch (ABN 47 088 129 613 and AFSL number 231087) is a foreign Authorised Deposit-Taking Institution (Foreign ADI) under the Banking Act 1959 (Cth) and is supervised by the Australian Prudential Regulation Authority. Note that provisions in the Banking Act 1959 for the protection of depositors do not apply to Foreign ADIs, including UBS AG, Australia Branch.

UBS AG and UBS Noms have given, and have not withdrawn before the preparation date of this PDS, their written consent to be named in this PDS as the Prime Broker and Custodian for the Fund.

12. 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) 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.

13. Cooling Off & Complaints

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 Fund is 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 the 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 the 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 the Fund).

This notification should be sent to RBC Investor Services Trust 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.

Dealing with Complaints

If you have any concerns or complaints, please contact us and we will do our best to resolve your concern quickly and fairly. You can write to our Complaints Manager, or ask to speak with them on (02) 9232 7500. If you believe that your matter has not been dealt with satisfactorily, you can contact the Australian Financial Complaints Authority (AFCA) by calling 1800 931 678 or email info@afca.org.au.

14. Anti-money laundering and counter terrorism financing

In order to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, we may need to obtain additional information before processing applications and withdrawals. This includes information to verify a potential or existing investor's identity and any underlying beneficial owner and/or controlling party of a potential or existing investor, and the source of funds of any investment.

Where we request such information from the investor, processing of applications or withdrawals may be delayed until the required information is received in a satisfactory form and the investor identified. IML may reject any application where such documents are not provided to RBC prior to lodgment of, or accompanying, the application form.

A transaction may be delayed, blocked, frozen or refused where reasonable grounds are established that the transaction breaches the law or sanctions of Australia or any other country. Where such a transaction is delayed, blocked, frozen or refused, we are not liable for any loss (including consequential loss) to a potential or existing investor.

We may require additional information from a potential or existing investor to assist us in the identification and verification processes, and we may need to re-verify your information from time to time.

Investors should also be aware that under the legislation we are required to disclose information about suspicious matters to regulatory and/or law enforcement agencies and may be prevented from informing the relevant investor of such disclosure.

15. Reporting

The Responsible Entity will report annually on the following information as soon as practicable after the relevant period end:

- the actual allocation to each asset type;
- the liquidity profile of the portfolio assets as at the end of the period;
- the maturity profile of the liabilities as at the end of the period;
- the leverage ratio (including leverage embedded in the assets of the Fund, other than listed equities and bonds) as at the end of the period;
- the derivative counterparties engaged (including capital protection providers where applicable);
- the monthly or annual investment returns of the Fund over at least a five-year period (or, if the Fund has not been operating for five years, the returns since its inception); and
- the key service providers if they have changed since the latest report given to you, including any change in their related party status.

The following information is available on the Fund's web page www.iml.com.au/funds/private-portfolio and is disclosed monthly:

- the current total net asset value of the Fund and the redemption value of a unit in each class of units as at the date the net asset value was calculated;
- the key service providers if they have changed since the last report given to investors, including any change in their related party status; and
- for each of the following matters since the last report on those matters:
 - the net return on the Fund's assets after fees, costs and taxes;
 - any material change in the Fund's risk profile;
 - any material change in the Fund's investment strategy; and
 - any change in the individuals playing a key role in investment decisions for the Fund.

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. Copies of documents lodged with ASIC in relation to a Fund may be obtained from, or inspected at, an ASIC office. You

have a right to obtain a copy of the annual financial report most recently lodged with ASIC by the Fund, any half-year financial report lodged with ASIC by the Fund after the lodgement of that annual financial report and before the date of this PDS, and any continuous disclosure notices given by the scheme after the lodgement of that annual report and before the date of this PDS.

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.

16. Labour standards and environmental, social and ethical considerations

The investment decisions for the Fund are primarily based on economic factors and do not specifically take into account labour standards or environmental, social or ethical considerations. These considerations may be taken into account if they have the potential to materially affect the value of the investment.

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
Internet: www.iml.com.au/funds/private-portfolio

To make a complaint:

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

