



<Client name>  
<Company Name (if applicable)>  
<Address line 1>  
<Address line 2>  
<Suburb> <State> <Postcode>

# Notice to Unitholders

## PROPOSAL TO REPLACE THE RESPONSIBLE ENTITY of the <Scheme name(s)>

**Date:** 29 October 2019

This document, including Explanatory Memorandum and attached FORM, form part of the Notice to Unitholders (**Notice**). If you are unsure about any of the information contained in this Notice or what you should do, you should seek professional advice.

### The Notice

Notice is given that IOOF Investment Management Limited, ABN 53 006 695 021 AFS Licence number 230524 (**IIML, we, us**) intends to retire as Responsible Entity (**RE**) of the registered managed investment schemes listed in Annexure A (**Schemes**), and appoint its related entity, IOOF Investment Services Ltd, ABN 80 007 350 405 AFSL No. 230703 (**IISL**), as the replacement RE. IIML and IISL are both 100% owned subsidiaries of IOOF Holdings Limited ABN 49 100 103 722 (**IOOF**), and form part of the IOOF group.

The purpose of this Notice is to:

- Outline the reasons why IIML proposes to retire as RE of the Schemes and appoint IISL as the new RE.
- Explain why the IIML Board of directors recommends unitholders support the proposal to change the RE including the benefits and risks of the proposal.
- Provide unitholders with an opportunity to consider the proposal, and request a vote on the appointment of IISL as replacement RE.

### Action required of Unitholders

<b>Step 1</b>	<b>Read this Notice</b> (including Explanatory Memorandum and attached FORM).
<b>Step 2</b>	If after reading the Notice, <b>you accept the</b> change of Responsible Entity, then <b>you do not need to take any action</b> .
	If after reading the Notice, <b>you wish to request a vote to be held</b> to consider the appointment of IISL as the replacement Responsible Entity, then <b>you should complete the enclosed FORM and return it to the reply paid address listed on the FORM by 4.00pm (AEDT) Friday 22 November 2019</b> .

# EXPLANATORY MEMORANDUM

## 1. The Proposal

IIML is the current RE of the Schemes listed in Annexure A. IIML proposes to retire as the RE of the Schemes and appoint IISL as the incoming RE (**Proposal**).

IIML has assessed the benefits and consequences of retiring in favour of IISL and recommends that unitholders accept the appointment of IISL as the replacement RE of the Schemes.

The reasons for this Proposal and impacts are explained in the sections below.

Below are **Key Information and Dates** in respect of the Proposal:

### Key information and dates<sup>1</sup>

Notice information	Dates
<b>Notice of Proposal</b> to replace the Responsible Entity issued to unitholders, including form to request a vote (to be held via a Meeting of Unitholders or ballot vote) ( <b>FORM</b> ).	29 October 2019
<b>Date/time by which any requests for a Meeting of Unitholders (or ballot vote) must be received.</b>  Whether a Meeting of Unitholders (or ballot vote) will be called will be determined based on the quantum of requests received and level/value of units held in respect of each Scheme. Unitholders will be communicated to accordingly and at least 21 days prior to the Meeting of Unitholders, if a Meeting is to be called; or at least 21 days in advance of a ballot vote.	4.00pm (AEDT) 22 November 2019
<b>Proposed completion date</b> (intended effective date of change of Responsible Entity).	30 November 2019
<b>If a sufficient number of unitholders request a vote</b> , then we will arrange a meeting or postal vote as soon as practicable.	Notice to be sent on or about 25 November 2019 Meeting (if required) on or about 20 December 2019

<sup>1</sup> All times referred to in this Notice to Unitholders and any attachments are in Australian Eastern Daylight Time (AEDT).

## 2. IIML's reasons for retirement

IIML currently acts in dual entity roles as both RE of managed investment schemes (including Service Operator of a number of Investor Directed Portfolio Services) and as Registrable Superannuation Entity (**RSE**) licensee and trustee of a number of regulated superannuation funds. The Australian Prudential Regulation Authority (**APRA**) has imposed an additional licence condition on IIML's RSE licence requiring IIML to cease acting in dual entity roles and only act as RSE licensee of regulated superannuation funds by 31 December 2019.

We also consider that this Proposal will result in improved governance with one entity dedicated to the management, service and oversight of the Schemes. The investment strategy, constitutions of the Schemes will remain the same along with personnel, systems and resources that manage and support the Schemes if the Proposal is implemented.

Both the IIML and IISL Boards have approved the Proposal to separate IIML's dual roles to meet the directions of APRA and to also achieve a simplified IOOF group structure with a clear segregation of duties. The Board of IIML reasonably considers that the appointment of IISL would be in the best interests of its unitholders, providing a seamless transition of the RE business between related party entities.

See **section 4** for further detail on Impacts of the Proposal.

### 3. ASIC relief granted

Under section 601FL of the *Corporations Act 2001*, if a responsible entity of a registered managed investment scheme wishes to retire, it must call a meeting of unitholders (or arrange for a postal vote) to explain its reasons for retirement and enable the unitholders to vote on a resolution to choose a new responsible entity.

IIML considers that to call a meeting of unitholders to approve IISL becoming the RE would impose unnecessary costs, which would have to be paid out of the assets of the Schemes. As such, IIML has obtained relief from ASIC from the requirement to hold a meeting of unitholders. This relief was granted by ASIC on 25 October 2019. It is a condition of ASIC's relief that IIML must forward this Notice to unitholders of the Schemes and provide an opportunity for unitholders to request a vote on the choice of the proposed RE.

If a unitholder meeting is not requested, then IIML will proceed with the change of RE and there will be no cost to unitholders for implementing the change of RE. See **section 4** for further details on additional costs that may be incurred by the Schemes should a meeting of unitholders (or postal ballot vote) be required.

### 4. Impacts of the Proposal

#### Advantages of the Proposal

IIML considers that the Proposal will be advantageous to unitholders of the Schemes as it will enable segregated, clear and distinct management, support services and governance oversight of its RE duties, thereby mitigating conflicts of interest risks that are inherent in a dual-entity model.

IIML believes that the Proposal will not create any adverse impacts to unitholders as the same key personnel, systems and resources will be used to continue to manage the Schemes, as currently in place for IIML and there will be no change of beneficial interest in the Schemes.

IIML and IISL have received independent advice that there will be no adverse duty or taxation consequences to the unitholders or the Schemes as a result of replacing the RE.

IIML has identified the following, further advantages and benefits of the Proposal:

#### ***Consistency in management, knowledge, experience and resources***

As a related entity within the IOOF group, IISL as RE, will have the relevant knowledge, experience and resources, to carry on the RE functions and ensure there is smooth transition from the change of RE from IIML to IISL, as demonstrated below:

- ***Consistent management oversight:*** IISL will replicate the management oversight and reporting lines that apply to IIML as RE with some enhancements to dedicated RE services. IISL will have access to the same staff involved with the investment management, operation and support as currently provided by IIML. As such, it will have the benefit of staff familiar with the Schemes' operations and governance frameworks, who will ensure that IISL maintains the competence and expertise to carry out its RE duties in the interests of Scheme unitholders.
- ***Consistent arrangements and outsourcing:*** IISL will have access to the existing third party arrangements and outsourcing (for example, in respect of administrators, business advisors, custodians, and appointed investment managers) that are in place in relation to IIML as RE.
- ***Financial resources and support:*** IISL will have access to the same IOOF group personnel, management, significant financial resources and support as IIML as RE, including access to resources currently provided by IOOF Service Co Pty Ltd.
- ***Professional indemnity insurance:*** IISL will have the benefit of the same professional indemnity insurance arrangements that apply to IIML as RE, under the IOOF group insurance arrangements.

#### ***Investment governance and compliance***

The IOOF group's arrangements for monitoring the governance and compliance function of the Schemes by IIML, will be adopted by IISL with further focussed governance uplift improvements on RE duties, conflicts of interest, investment governance and unitholder interests.

IISL holds an Australian Financial Services Licence 230703 which permits it to act as RE of the Schemes.

**No change in fees and costs**

As a result of this Proposal, there will be no change to fees and costs for the Schemes.

**Regulatory compliance**

The change of RE from IIML to IISL by 30 November 2019 will ensure compliance with the conditions placed on IIML's RSE License by APRA.

**Disadvantages of the Proposal**

IIML has identified the following potential disadvantages and risks in relation to the Proposal:

**Transition risk**

There may be potential for some minor disruption to the operation of the Schemes arising from the implementation of the Proposal but given IISL is a related entity within the IOOF group and has access to the same management, knowledge, experience and resources, we are of the view that the transition risk of the change of RE is low. We have taken reasonable steps to ensure that there will be no material impact to the day to day operation of the Schemes.

**Cost of the Proposal**

Costs of seeking ASIC relief and for changing the RE will be met by IIML and will not be charged to the Schemes. However, where there is an election to hold a Meeting of Unitholders (or vote required via postal ballot), any extraordinary costs incurred may be charged to the Schemes.

## 6. Unitholders' right to vote

**IIML recommends that you support the proposed change of the RE of the Schemes.**

If you have no objection to the proposed change, you do not need to do anything.

However, if you would like the proposed replacement of IIML by IISL to be put to a vote of unitholders, you should notify IIML by completing the **FORM** attached to this Notice and sending it to:

**The Company Secretary  
IOOF Investment Management Ltd  
Reply Paid 264  
Melbourne VIC 8060**

If either of the following conditions are met, IIML will either arrange a Meeting of Unitholders (or postal ballot vote) to vote on the appointment of IISL:

- At least 100 unitholders who are entitled to vote ask for a vote on the proposed change; or
- Unitholders who together hold at least 5% of the total value of the interests held by unitholders who would be entitled to vote if the proposal were put to a Meeting of Unitholders, ask for a vote on the proposed change.

Your request (in the FORM attached) that the change of RE be put to a vote, must be received by IIML at the above address by **4.00pm (AEDT) on 22 November 2019** in order to be valid. Each unitholder has the right to request a vote on the Proposal.

If fewer than 100 unitholders or unitholders holding less than 5% of the total value of interests held by unitholders' entitled to vote, ask for a vote, IIML will proceed with the change of RE as set out below under the heading '**What happens if no vote is required?**'.

**What happens if a vote is called?**

If unitholders call for a vote in accordance with the above requirements, IIML will consider whether to

facilitate the vote by a Meeting of Unitholders or a postal vote and will notify unitholders accordingly, by post and the IOOF group website.

### **What happens if no vote is required?**

Under the terms of the ASIC relief, unless the necessary number of requests for a meeting referred to in **section 6** above, have been received by the due date, IIML will lodge a notice with ASIC asking it to alter the record of the Schemes' registration to name IISL as the Schemes' appointed RE, requesting that the change of RE be effective on or around 30 November 2019.

When the record is altered by ASIC, all of the rights, liabilities and obligations of IIML (as the outgoing RE) in relation to the Schemes will become the rights, liabilities and obligations of IISL (as the new RE). The business and activities of the Schemes will remain the same as at present.

We will notify unitholders of this change via the news section of the IOOF group website.

## **7. Further information and enquiries**

The proposed timing of the retirement of the RE and information on the manner of the retirement, will be made available on the news section of the IOOF group website [www.ioof.com.au](http://www.ioof.com.au)

If the Proposal is implemented, an announcement, new Product Disclosure Statement and information about any other changes, will be available on the website [www.ioof.com.au](http://www.ioof.com.au)

If you would like a printed copy of the website announcement please contact us directly.

If you have any questions about the information contained in this Notice, other documents in the pack, or require any further information, please call Investor Services on 1800 002 217.

## **Directory**

### **Current Responsible Entity:**

**IOOF Investment Management Limited**  
ABN 53 006 695 021, AFSL No. 230524  
Level 6, 161 Collins Street  
Melbourne VIC 3000

### **Proposed Responsible Entity:**

**IOOF Investment Services Ltd**  
ABN 80 007 350 405, AFSL No. 230703  
Level 6, 161 Collins Street  
Melbourne VIC 3000

Directors of IOOF Investment Management Ltd:

Geoffrey Martin Walsh  
Robert Andrew Bloore  
Lindsay Smartt  
Elizabeth Flynn  
Karen Gibson

Directors of IOOF Investment Service Ltd:

Allan Griffiths  
Renato Mota  
Jane Harvey

# FORM

## Request for a vote by unitholders

<Scheme name(s)>  
(the Scheme(s))

**If you have no objection to the proposed change, you do not need to do anything with this FORM.**

If you would like the proposed replacement of IOOF Investment Management Limited (**IIML**) by IOOF Investment Services Ltd (**IISL**) to be put to a vote of unitholders, you should notify IIML by requesting a vote on this FORM and returning it by 4.00pm (AEDT) on 22 November 2019 to the following reply paid address:

The Company Secretary,  
IOOF Investment Management Limited  
Responsible Entity of <Scheme name(s)>  
Reply Paid 264  
Melbourne Victoria 8060

I hold an interest in the following Schemes (*please select applicable Schemes*) and, by signing and dating this FORM and by ticking the box(es) below, I request that the proposed change of the responsible entity of the Schemes be put to a vote of unitholders.

<Client name>  
<Company Name (if applicable)>  
<Address line 1>  
<Address line 2>  
<Suburb> <State> <Postcode>

Account name : <Account name>  
Account number(s) : <Account number>

Please select applicable **<Scheme name(s)>** in which you hold a unitholding interest:

- |  |  |
|--|--|
| <input type="checkbox"/> <Scheme 1><br>ARSN <XXXX> | <input type="checkbox"/> <Scheme 2><br>ARSN <XXXX> |
| <input type="checkbox"/> <Scheme 3><br>ARSN <XXXX> | <input type="checkbox"/> <Scheme 4><br>ARSN <XXXX> |

I request that the proposed change of responsible entity be put to a vote of unitholders.

Please tick this box

Signature (and Common Seal where required): \_\_\_\_\_

Date: \_\_\_\_\_

### Notes:

- 1) If you wish to request a vote of unitholders in respect of your holdings in the Scheme(s), this FORM must be received at the above address by 4.00pm AEDT on 22 November 2019.
  - a) Where the unitholder is a corporation, this FORM must be executed by an attorney or under the hand of two directors or a director and secretary. If the company is a sole director company, the sole director must sign.
  - b) If an attorney signs on behalf of a unitholder, you must provide a certified copy of the power of attorney.