

PPF FINANCIAL

PPF Asset Management Limited

PPF Enhanced Income Fund Product Disclosure Statement (PDS)

First Issued 22 June 2012

Updated 1 December 2018

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Important information

This PDS provides a summary of the key information relating to the PPF Enhanced Income Fund (ARSN 099 838 061) (Fund). The information in this PDS is general information only and does not take into account your personal investment needs, objectives, taxation and financial situation. You should consider this information and how it relates to you before making a decision about investing with the Fund. PPF Asset Management Limited (AFSL 229 696) (PPFAML) recommends you obtain independent financial advice to ensure this product is tailored to your personal circumstances.

PPF Asset Management Limited does not guarantee the performance or success of the Fund, the rate of income, the capital return, or the repayment of investments in the Fund.

Information in this PDS is subject to change, certain information that is not materially adverse may be updated without issuing a supplementary PDS. Such information may be obtained either by calling (61 3) 9690 1500 or by email funds@ppf.com.au

1 About PPF Asset Management Limited

PPF Asset Management Limited (ABN 87 099 091 960, AFSL 229 696) is the Responsible Entity of, and issuer of units in, the Fund offered in this PDS and has prepared this PDS.

As the Responsible Entity, PPFAML is responsible for administering and managing the assets and overseeing the operations of the Fund.

In exercising its duties, the Responsible Entity must act honestly and in the best interest of Unitholders, ensure that property of the Fund is held separately from property of the Responsible Entity and property of another Fund. The Responsible Entity also ensures that the Fund complies with the Compliance Plan and Constitution of the Fund.

PPF Asset Management Limited is a privately-owned Melbourne-based fund manager established in 2001 to provide private clients direct access to a low cost, high quality and performance-oriented offering, accessing a diverse range of income and growth oriented investment strategies.

2 How the PPF Enhanced Income Fund works

How the Fund operates

The PPF Enhanced Income Fund pools the money of individual investors. The pool is then used to buy a range of different assets, primarily cash securities with varying maturities through the investment manager who manages the Fund using its resources, experience and expertise. Fund assets are held, managed and limited according to the individual investment policy and the Scheme Constitution.

When you invest in the Fund offered under this PDS, you are allocated a number of units in the Fund. Your investment is not a direct investment in the Fund's assets. The value of the units you hold represents the value of your portion of the assets that the Fund owns.

Members can increase or decrease their unit holding in the fund by acquiring or disposing of additional units.

Unit pricing and distributions

Each unit has a dollar value or 'unit price' calculated monthly, as at the last business day of each month, by dividing the total Net Asset Value of the Fund by the total number of units issued. The Fund aims to maintain a stable \$1.00 unit price. The Funds' unit value can rise and fall, just as the market value of the underlying assets held can rise and fall.

Income distributions are calculated and automatically reinvested as additional units to each investor on the last business day of each quarter.

Investments in the Fund

The minimum initial investment is \$10,000 and multiples of \$1,000 thereafter. Existing Unitholders may invest further amounts in the Fund of \$5,000 or more anytime. The Responsible Entity reserves the right to reject any application in whole or part.

Withdrawals from the Fund

Unitholders may withdraw units in the Fund on a monthly basis. If your withdrawal request results in the current value of your remaining unitholding being less than \$10,000, we may treat the request as being for all your units in the Fund.

Withdrawal proceeds include any income accrued for the relevant distribution period. In some circumstances, such as when there is a freeze on withdrawals, investors may have to wait a period of time before they can redeem the investment.

Switching and transferring ownership

There are no restrictions on switching between Funds. A minimum switch amount of \$10,000 per Fund applies. You must maintain a minimum amount of \$10,000 per Fund. Unitholders can transfer their investment in part or full at any time.

Switching may activate a Buy-Sell Spread payable on the Net Asset Value of the Funds and may have taxation consequences. You should consult your financial or taxation adviser prior to switching between Funds.

Processing

Application or withdrawal requests received and accepted prior to 2pm on the third-last business day of the month will be processed using the application or withdrawal price calculated as at the last business day of that month.

All applications for investment, withdrawal or switching must be made on the applicable PPF Asset Management Limited forms. If we receive an invalid or incomplete application or withdrawal request, the request will be processed using the unit price applying on the day that we receive the correct documentation.

Fund summary:

Unit Pricing :	Monthly
Distribution Frequency :	Quarterly
Distribution Payment :	Reinvestment only
Fund Reporting :	Quarterly
Minimum Investment / Investment Balance :	\$10,000
Minimum Additional Investment :	\$5,000

3 Benefits of investing in the PPF Enhanced Income Fund

The significant features of the Fund are:

- Pooled resources to acquire a range of asset types and enable income and costs to be shared
- Supervised investment according to Investment Committee guidelines
- Active income oriented portfolio of cash and fixed interest securities

The significant benefits of the Fund are:

- Experienced managers regularly monitoring the Fund’s investments
- Focused investment strategy providing regular income and capital stability
- No upfront, trailing, switching, withdrawal or referral fees

In structuring the Fund, we have adopted a low cost, transparent and active approach aimed at delivering superior investment performance. The Fund provides exposure to a range of investment grade securities with high liquidity that might not be available to individual investors.

The Fund provides regular investment and annual taxation statements.

4 Risks of managed investment schemes

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

Investment in this Fund carries risk, including volatility of returns. Volatility refers to the degree to which returns may fluctuate around their longer term average. Past returns are not necessarily indicative of future returns.

In general, risks can be managed but cannot be completely eliminated. Fund returns are not guaranteed and there is always a chance an investor may lose money on any investment. Additionally, laws affecting managed investment schemes may change and each individual’s risk will depend on factors such as age, risk tolerance, investment time-frame and where other investments are made. PPFAML recommends that you consult an independent financial adviser to determine what levels of risk are appropriate to you.

Significant risk factors for the Fund include:

Market Risk – The risk that the market price of an asset will fluctuate as a result of factors such as changes in economic, social, technological, political, legal, regulatory and accounting conditions as well as general investor sentiment and confidence.

Interest Rate Risk – The risk that the investment value or future returns of an asset may be adversely impacted by changes interest rates. Changes to interest rates may directly or indirectly affect a company’s cost of borrowings as well as the value of fixed interest securities.

Credit Risk – The risk of loss arising from the failure of a borrower to repay its debt or meet its financial obligations. Changes in the credit quality of an issuer held by the Fund could result in an adverse impact on Fund performance.

Inflation Risk – The risk or loss arising from changes to the level of inflation which can impact on investment returns and performance of the Fund. This has the greatest effect on cash funds when the level of inflation exceeds the yield.

Other Risks – Includes among others, Fund Risk, Manager Risk and Operational Risk.

5 How we invest your money

An investor should consider the likely investment return, risk and their investment timeframe when choosing to invest.

PPF Enhanced Income Fund

Investment Return Objective & Benchmark	To outperform the UBS Australian Bank Bill Index (Benchmark) measured over rolling 12-month period.															
Fund Description	<p>The Fund is designed for investors who want capital stability and regular income.</p> <p>The Fund has been setup to actively manage an income oriented portfolio of cash, property, debt and credit obligation instruments and fixed interest instruments. These investments may include a combination of cash and cash equivalent securities, fixed interest and mortgages, floating rate instruments, property, equities, hybrids, convertibles and enhanced yield strategies.</p>															
Minimum Suggested Timeframe	12 months															
Asset Classes & Allocation Ranges	<p>Cash and short-term fixed interest securities</p> <p>Allocation Ranges:</p> <table border="1"> <thead> <tr> <th></th> <th>Cash:</th> <th>Equities / Hybrids:</th> <th>Property:</th> <th>Debt Instruments:</th> </tr> </thead> <tbody> <tr> <td>Minimum:</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Maximum:</td> <td>100%</td> <td>15%</td> <td>20%</td> <td>100%</td> </tr> </tbody> </table>		Cash:	Equities / Hybrids:	Property:	Debt Instruments:	Minimum:	0%	0%	0%	0%	Maximum:	100%	15%	20%	100%
	Cash:	Equities / Hybrids:	Property:	Debt Instruments:												
Minimum:	0%	0%	0%	0%												
Maximum:	100%	15%	20%	100%												
Risk Level	<p>Low</p> <p>Low risk of losing money in any year. Likely to produce modest returns over all timeframes.</p>															
Fund Performance	For the latest information on the performance of the Fund, contact your PPFAML representative or visit www.ppf.com.au															
Labour, Environmental, Social and Ethical Considerations	The Fund does not take labour, environmental, ethical or social considerations into account when selecting, retaining and realising investments.															
Changes to Fund details	<p>The Responsible Entity has the right to close or terminate the Fund and change the Fund's investment return objective (including benchmark), asset classes and asset allocation ranges, without prior notice in some cases. We will inform investors of any material change to the Fund's details in their next regular communication or as otherwise required by law.</p> <p>The Responsible Entity invests in assets at its discretion. You should be aware that whilst you may increase or decrease your unitholding in the Fund, you may not choose what asset classes the investment manager selects.</p>															

6 Fees and costs

Did you know?

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

For example, total annual fees and costs of 2% of your fund 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

To find out more, or see the impact of fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneySMART.gov.au) has a managed investment fee calculator to help you check out different fee options. The calculator can also be used to calculate the effect of fees and costs on your investment.

Fees and costs may be deducted from your account, from the returns on your investment or from the Fund assets as a whole.

You should read all the information about fees and costs before investing because it is important to understand their impact on your investment. Subject to the terms of the Constitution of the Fund, the Responsible Entity may increase these fees at its discretion.

You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
Fees when your money moves in or out of the Fund	
Establishment Fee The fee to open your investment	Nil
Contribution Fee The fee on each amount contributed to your investment by you	Nil ¹
Withdrawal Fee The fee on each amount you take out of your investment	Nil
Termination Fee The fee to close your investment	Nil
Management Costs	
The fees and costs for managing your investment	0.55% per annum deducted monthly (excluding expense recovery)

¹ Please note the Constitution provides for an early redemption fee of 3.3% for Units redeemed within 12 months of the initial application. The Responsible Entity at its discretion may elect to waive or vary this fee.

Additional explanation of fees and costs

Management Costs:

The Management Cost are the fees and costs charged for overseeing the operations and managing the assets of the Fund. It includes the total of all ongoing Investment Management, Responsible Entity and administration fees and is calculated and paid monthly in arrears based on the net asset value of the Fund. Expense recovery ² is paid from the net asset value of the Fund when it is incurred.

Performance Fee:

The Fund charges a Performance Fee. The fee is calculated as 20% of out-performance above the benchmark calculated quarterly. The Responsible Entity at its discretion may elect to waive or vary this fee.

Buy-Sell Spread:

The Fund may charge a Buy-Sell Spread of +/- 0.33% of the Fund's Net Asset Value. The spread is an adjustment to the unit price so that there is a difference between the entry and exit price for the Fund. It is designed to protect the interests of existing and remaining Unitholders in the Fund.

Other fees and costs:

These may include additional fees and costs that apply to investors accessing the Fund. You should note that where a financial adviser or asset consultant is engaged by the Fund, additional fees may be paid from the Fund assets to meet the costs of service. Government fees, duties and bank charges may also apply to investments and withdrawals.

The Fund may charge an early redemption fee of up to 3.3% for Units redeemed within 12 months of the initial application.

Example of annual fees and costs of the Fund:

This table gives an example of how 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 – PPF Enhanced Income Fund: Balance of \$50,000 with a contribution of \$5,000 during year ³

Contribution fees	Nil	For every additional \$5,000 you invest you will not be charged any contribution fee.
Plus Management costs	0.55%	And, for every \$50,000 you have in the Fund, you will be charged \$275 each year.
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you invest an additional \$5,000 during that year, you would be charged fees of: \$275 ⁴ What it costs you will depend on the fees you negotiate with your Fund or financial adviser.

² Expense recovery includes expenses incurred in the day-to-day operation of the Fund, including but not limited to; accounting, audit, Austrac, ASIC, custodial, AFCA, legal & professional indemnity expenses.

³ This example assumes the \$5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the \$50,000 balance only.

⁴ Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the buy-sell spread.

7 How managed investment schemes are taxed

Investing in a managed investment scheme is likely to have tax consequences. Each investors' circumstances are different: PPFAML strongly advises that you seek professional, independent tax advice prior to investing in the Fund.

The Fund will carry on investment activities, through an unlisted unit trust structure, and will accordingly derive assessable income and may make assessable capital gains. The Fund will carry on an eligible investment business for the purpose of the Income Tax Assessment Act 1936 and accordingly the Fund will not be taxed on its income. The Responsible Entity intends to distribute all net taxable income earned by the Fund, in full for the year of income.

The Fund does not pay tax on behalf of members. Members are likely to be assessed for tax on any income and capital gains generated by their investment in the Fund.

8 How to apply

- a) Read and understand this entire PDS and any supplementary PDS.

The offer made in this PDS (electronically or otherwise) is only available to persons receiving this PDS within Australia, applications from outside Australia will not be accepted.

- b) Complete the PPF Asset Management Limited Application for Investment Form and satisfy the customer identification requirements. Lodge your signed Application for Investment Form together with your supporting identification documents.

Payment details and methods are available with the Application for Investment Form.

- c) Retail investors have a 14 day cooling-off right under the Corporations Act.

In general terms this means you can return to us the units issued to you and have your application money repaid subject to an adjustment in the repayment amount for any tax, administrative costs and movement in the issue price of units in the period since the date of your original application.

- d) If you have a complaint about the investment service provided to you, as a first step please notify us and we will do our best to resolve your concerns quickly and fairly. If after this you feel the complaint has not been resolved satisfactorily you may contact the Australian Financial Complaints Authority (AFCA) by calling 1800 931 678.

9 Other information

Privacy

Privacy of your information is important to us. We will only collect, maintain and use your personal information where it is necessary to do so to provide for and administer your investments, or where we are required to do so by law.

We are obliged under the Corporations Act to maintain certain transaction records available for inspection by ASIC. In addition, we may contact external parties to conduct due diligence, compliance, legal or financial audits. This may involve the disclosure of your personal information.

If you have any concerns about the information we hold about you, or would like to access or change this information, simply contact us on (61 3) 9690 1500 or email funds@ppf.com.au

Keeping us informed

Please inform us in writing of any changes to details which you have given us. This includes, among other things, your postal address, a change of name or new financial institution account details.

If you choose not to give us your TFN or ABN or claim an exemption we are required to deduct tax at the highest personal tax rate (plus Medicare Levy) before we pass on each distribution to you.

10 Glossary of terms used in this PDS:

Benchmark :	means an index or other market measurement which is used as a yardstick to assess the risk and performance of a portfolio.
Business day :	means a day other than a Saturday, Sunday or public holiday in Victoria.
Distribution :	means income paid from a Fund to an investor.
Fund :	means the PPF Enhanced Income Fund (ARSN 099 838 061).
Fund Risk :	means the risk generated from investing in a managed investment scheme and can include changes in the fees and costs of the Fund; PPFAML could be replaced as the responsible entity and/or the investment manager for the Fund; or the returns generated by the Fund may be different than investing directly in the underlying securities.
Manager Risk :	means the risk that the Fund fails to meet its investment strategy and satisfy its objectives. This may arise as a result of security selection or process implementation which may cause the Fund to underperform its benchmark.
Net asset value :	means the total value of the Fund's assets after accounting for accrued interest and dividends, and all costs associated with running the Fund.
Operational Risk :	means the risk that external circumstances can adversely affect the management of the Fund in accordance with its investment strategy.
Responsible Entity :	means PPF Asset Management Limited.
Unit :	means term of measurement that represents a share in the underlying assets of a managed investment scheme.

11 Corporate Directory:

Responsible Entity

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