

PPF Enhanced Income Fund

Product Disclosure Statement (PDS)

Dated: 8 March 2023

Contents

- 1 About PPF Asset Management Limited
- 2 How the PPF Enhanced Income Fund works
- 3 Benefits of investing in the PPF Enhanced Income Fund
- 4 Risks of managed investment schemes
- 5 How we invest your money
- 6 Fees and costs
- 7 How managed investment schemes are taxed
- 8 How to apply
- 9 Other information

Contact details

Responsible Entity

PPF Asset Management Limited
Offices 209 - 210
20 Convention Centre Place
South Wharf VIC 3006

Telephone (61 3) 9690 1500
Facsimile (61 3) 9690 1544
Email funds@ppf.com.au
Web www.ppf.com.au

Custodian

Sandhurst Trustees Limited
Level 5, 120 Harbour Esplanade
Docklands VIC 3008

Web www.sandhursttrustees.com.au

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 the information in this PDS in its entirety (including any supplementary PDS) and how it relates to you before making a decision about investing with the Fund. PPF Asset Management Limited (ABN 87 099 091 960, AFSL 229 696) (PPFAML) recommends you obtain independent financial advice to ensure this product is tailored to your personal circumstances.

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.

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.

All references to \$ amounts are to Australian dollars. A business day means a day other than a Saturday, Sunday or public holiday in Victoria.

All fees and costs are quoted inclusive of GST and are net of any reduced input tax credits.

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. As the investment manager, it selects and manages the assets of the Fund and may appoint other managers to manage some or all of the Fund's assets.

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 (Constitution).

PPF Asset Management Limited is a privately-owned Melbourne-based asset 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.

Custodian

We have also appointed Sandhurst Trustees Limited (ABN 16 004 030 737, AFSL 237906) (Sandhurst) as the custodian of the Fund. As custodian, Sandhurst is responsible for holding the assets of the Fund. Sandhurst has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Responsible Entity may, in its discretion, may change the custodian from time to time or appoint additional service providers.

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 invested according to the individual investment policy and the Constitution.

When you invest in the Fund offered under this PDS, you are allocated units in the Fund in proportion to the amount you invest. 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 NAV of the Fund by the total number of units issued. 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 year.

Investments in the Fund

The minimum initial investment is \$20,000 and multiples of \$1,000 thereafter. Existing Unitholders may invest further amounts in the Fund of \$5,000 or more anytime by completing and returning the additional investment form which can be downloaded from the website. 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 \$20,000, 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. Withdrawal proceeds will generally be paid to your nominated bank account within 12 business days.

Switching and transferring ownership

A minimum switch amount of \$10,000 per Fund applies. You must maintain a minimum amount of \$20,000 per Fund. Unitholders can transfer their investment in part or full at any time and will be processed at the end of the month.

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

Restrictions on withdrawals

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 their investment.

We may delay or suspend a withdrawal request where we are unable to realise sufficient assets due to circumstances outside our control such as restricted or suspended trading in the market for an asset or where the Fund becomes illiquid.

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 for the period that we receive the correct documentation.

Distributions

The Fund generally distributes at the end of each calendar quarter. Distributions you receive are generally assessable income and can be made up of both income and realized capital gains.

Fund summary:

Unit Pricing :	Monthly
Distribution Frequency :	Quarterly
Distribution Payment :	Reinvestment only
Fund Reporting :	Quarterly
Minimum Investment / Investment Balance :	\$20,000
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 to deliver superior investment returns
- Focused investment strategy providing regular income and capital stability
- Strategic asset allocation to insulate the Fund in uncertain economic times

The Fund provides exposure to a range of investment grade securities with high liquidity that might not be available to individual investors.

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 timeframe 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 Bloomberg AusBond Bank Bill Index (Benchmark) measured over rolling 12-month periods.															
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" data-bbox="486 1176 1276 1299"> <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	We generally do not consider a company’s management of its environmental and labour resources, as well as its social and ethical behaviour (ESG) in our assessment of its quality, and in turn its suitability for investment. We do not have a predetermined view about what we regard to be an ESG consideration nor do we apply any specific methodology to measure individual companies with respect to their ESG standing or apply any specific weighting system to ESG standards or considerations. However, we may consider ESG factors as being relevant on a case by case basis such as where a particular company has engaged in egregious activity which we would regard as being detrimental to their investment value.															
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) Moneysmart website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

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.

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

FEES AND COST SUMMARY

Type of Fee or Cost	Amount	How and when paid
Ongoing annual fees and costs¹		
Management fees and costs ² The fees and costs for managing your investment	Estimated to be 0.75% p.a. of the assets of the Fund, comprised of: 1. Management fee of 0.55% p.a. 2. Estimated indirect costs of 0.12% p.a. of the NAV of the Fund averaged over the past five financial years. 3. Estimated expense recovery of 0.8% p.a. of the NAV of the Fund averaged over the past five financial years.	The management fees and costs are deducted from the Fund's NAV and are reflected in its unit price. 1. The management fee is accrued monthly and paid quarterly. 2. Indirect costs are deducted from the Fund's assets as and when incurred. 3. Expense recoveries are deducted from the Fund's assets as and when incurred.
Performance fees Amounts deducted from your investment when the Fund outperforms the benchmark	Estimated to be 0.02% p.a. of the NAV of the Fund averaged over the past five financial years.	The performance fee is payable only if the Fund's investment return exceeds its performance return benchmark and is reflected in the unit price.
Transaction costs The costs incurred by the Fund when buying or selling assets	Estimated to be 0.14% p.a. of the NAV of the Fund averaged over the last five financial years.	All transaction costs are paid out of the NAV of the Fund as incurred and reflected in its unit price.
Member activity related fees and costs (fees for services or 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 by you	Nil	Not applicable
Buy-sell spread³ An amount deducted from your investment representing costs incurred in transactions by the fund	Nil	Not applicable
Withdrawal Fee⁴ 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

Switching Fee The fee for changing investment options	Nil	Not applicable
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¹ All fees are expressed as a percentage of net asset value of the Fund excluding accrued fees. All fees and costs are quoted inclusive of any GST and net of any input tax credits (ITCs) or reduced input tax credits (RITCs) that are expected to be available to the Fund.

² The amount of this fee can be negotiated (for wholesale investors only)

³ The Manager has elected not to apply the buy-sell spread to any applications or withdrawals from the Fund. This impost is incurred through the Fund's transaction costs.

⁴ 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 Fees and 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 monthly and paid quarterly in arrears based on the net asset value of the Fund. Indirect costs and expense recovery are paid from the net asset value of the Fund when they are incurred. Indirect costs and expense recovery includes expenses incurred in the day-to-day operation of the Fund, including but not limited to; accounting, audit, Austrac, ASIC, AFCA, legal & professional indemnity expenses.

Performance Fees

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

Transactional Costs

Transaction costs includes brokerage, settlement costs, bid-offer spreads on investments and currency transactions and any borrowing costs, clearing and stamp duty costs. When you invest in the Fund, we may buy (and sell) investments, and incur these costs.

Buy-Sell Spread

The Fund may charge a Buy-Sell Spread of +/- 0.33% of the Fund's NAV. The spread is an adjustment to the unit price so that there is a difference between the entry and exit price for the Fund. The Fund has elected to absorb these costs through the transaction costs incurred by the Fund and no buy-sell spread is charged.

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. Fees and costs of the Fund set out above can change. In particular, subject to the Constitution, we can change the fees noted above without the consent of the Fund's investors. If we do change the fees, we will give you 30 day's written notice.

EXAMPLE OF ANNUAL FEES AND COSTS

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 Diversified Growth Fund: Balance of \$50,000 with a contribution of \$5,000 during year*

Contribution fees	Nil	For every additional \$5,000 you invest you will not be charged any contribution fee.
Plus Management costs	0.75% p.a.	And, for every \$50,000 you have in the Fund, you will be charged \$375 each year.
Plus Performance fees	0.02% p.a.	And, for every \$50,000 you have in the Fund, you will be charged \$10 each year.
Plus Transaction costs	0.14% p.a.	And, for every \$50,000 you have in the Fund, you will be charged \$70 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: \$455. ⁵ What it costs you will depend on the fees you negotiate

* 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. Ongoing annual fees and costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any input tax credits (ITCs) or reduced input tax credits (RITCs) that are expected to be available to the Fund.

** The performance fee in the example is based on an average of performance fees paid to us over the past five financial years. The example is not a forecast of the performance of the Fund and historical performance is not a reliable indicator of future performance. Fund performance is not guaranteed and a performance fee may not always be payable.

*** 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. If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC Moneysmart website (www.moneysmart.gov.au) and use their managed investment fee calculator.

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.
- 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.

9 Other information

Complaints

We have established procedures for dealing with complaints. If you have a complaint, you can contact us during business hours, using contact details provided in the PDS. We will endeavour to resolve your complaint fairly and as quickly as we can. We will respond to your complaint within the maximum response timeframe of 30 days. If we are unable to respond within the maximum response time because we have not had a reasonable opportunity to do so, we will write to you to let you know of the delay.

If you are not satisfied with the final complaint outcome proposed, any aspect of the complaints handling process or a delay in responding by the maximum response time, the Australian Financial Complaints Authority (AFCA) may be able to assist. AFCA operates the external complaints resolution scheme of which we are a member. If you seek assistance from AFCA, their services are provided at no cost to you. You can contact AFCA at:

Mail: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001
Telephone: 1800 931 678 (free call)
Email: info@afca.gov.au
Website : www.afca.org.au

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. Please refer to our Privacy Policy for further information.

If you would like a copy of our Privacy Policy, 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 you informed

We will:

- confirm every transaction you make
- soon after June each year send you a report to help you with your tax return
- each year (around September) make the accounts of the Fund available to you upon request and
- notify you of any material changes to this PDS and any other significant event.

Where the Fund has 100 investors or more, the Fund is considered a “disclosing entity” for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. You have a right to obtain a copy, free of charge, of:

- the most recent annual financial report for the Fund; and
- any half year financial report lodged with ASIC after that annual financial report but before the date of this PDS.

You have the right to elect whether to receive some or all of these communications in electronic or physical form and the right to elect not to receive annual financial reports at all. You also have the right to elect to receive a single specified communication on an ad hoc basis, in an electronic or physical form.

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.

Related party transactions and conflicts of interest

The Fund may, without limit, invest in other funds of which we, or a related entity, are trustee, responsible entity or investment manager (related funds). We may appoint any of our related entities to provide services or perform functions in relation to the Fund, including acting as our delegate. We may also enter into transactions with related entities in relation to the assets of the Fund. A related entity is entitled to earn fees, commissions or other benefits in relation to any such appointment or transaction and to retain them for its own account. Such arrangements will be based on arm’s length commercial terms.

In the course of managing the Fund, we may face conflicts in respect of our duties in relation to the Fund, related funds and our own interests. We have policies and procedures in place to manage these appropriately. We will resolve such conflicts fairly and reasonably and in accordance with the law, ASIC guideline and our policies.

Consents

Sandhurst Trustees has given and as at the date of this PDS have not withdrawn, their consent to inclusion in the PDS of the statements concerning them in the form and context in which they are included.

Responsible Entity

PPF Asset Management Limited

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South Wharf VIC 3006

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