

Smarter Money Higher Income Fund Assisted Investor Class

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Product Disclosure Statement (PDS)

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Before you start

Smarter Money Investments Pty Limited (ABN 64 153 555 867) (SMI or Investment Manager) is the investment manager of the Smarter Money Higher Income Fund (the Fund).

OneVue RE Services Limited (OneVue, we or us) is the responsible entity of the Fund and the issuer of this product disclosure statement (the PDS).

To access the Fund you have two choices. You may use an investment platform, often called a master trust or wrap account, managed discretionary account or investor directed portfolio service. Else you may have the assistance of a financial adviser or a stockbroker. The class of units offered under this PDS is not otherwise available to investors.

This PDS is a summary of significant information and contains a number of references, marked with an asterisk (*), to important additional information contained in the Information Booklet which forms part of this PDS, available at www.smitrust.com.au or free from us on request.

You should read all of that information before making any decision about the Fund. The information contained in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

The information in this PDS is subject to change from time to time. If a change is not materially adverse to you, the PDS may be updated or replaced by notice at www.smitrust.com.au and you can request a paper copy free of charge from us, your adviser or stockbroker. Otherwise, this PDS will be replaced.

LEARN MORE

Investors:

Contact SMI on 1300 901 711 or the Administrator on 1300 133 451
Email: info@smitrust.com.au or registry@fundbpo.com

Learn more about Smarter Money Higher Income Fund:

www.smitrust.com.au

Learn more about SMI:

www.smitrust.com.au

Learn more about mFund:

www.mfund.com.au

Find forms at the Download Centre:

www.smitrust.com.au

You may request a free printed copy of this PDS and any other document or policy mentioned in or incorporated into this PDS by calling OneVue on 02 8252 2200 during business hours, or speak to your adviser or stockbroker. You can find an Investor Fact Sheet about mFund: www.mfund.com.au/investor-factsheet.pdf.

1. About the Responsible Entity

About the Responsible Entity

Founded in December 2002, OneVue is a professional responsible entity, a wholly owned subsidiary of OneVue Holdings Limited ABN 15 108 221 870 (OneVue Holdings), an ASX listed company (ASX code OVH) which provides services to participants in the wealth

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management industry with a focus on the superannuation and investment management sectors. As at 31 December 2016, OneVue had retail funds under administration of approximately \$2.2 billion.

As the Responsible Entity of the Fund and issuer of this PDS, OneVue is responsible for the operation of the Fund in accordance with the Fund's constitution, the Corporations Act and trust law.

More information about the OneVue group can be found at www.onevue.com.au.

About the Investment Manager

The Investment Manager is responsible for managing the Fund's assets.

Established in 2011, the Investment Manager's goals are to develop and deliver low risk savings and retirement solutions that outperform traditional cash and fixed-income products through active portfolio management. As at 31 December 2016, it was investment manager for approximately \$450 million in assets.

These savings solutions, which include this Fund, have been created to satisfy demand for lower risk investment products that can:

- provide investors with cash and fixed-income opportunities that add value generally beyond deposits,
- outperform conventional fixed-income investments without taking significant interest rate duration risk,
- offer investors diversification opportunities away from the volatility of the share market, and
- supply retirees with regular quarterly income.

The Investment Manager is 50% owned by Coolabah Capital Investments Pty Ltd (CCI), to which it sub-delegates all portfolio management responsibilities for the Fund. CCI is 75% owned by its institutional portfolio management team, led by Christopher Joye and Darren Harvey, and one quarter owned by AMB Holdings, which a private investment company representing a family office. The other 50% of the Investment Manager is owned by ASX listed Yellow Brick Road Holdings (YBR) which undertakes all retail and certain wholesale distribution, marketing and support activities.

2. How the Fund works

The Smarter Money Higher Income Fund targets returns above the RBA cash rate plus 1.5% to 3.0% per annum, after Management Fees and Administration Fees and Ordinary Expenses, over a rolling 12 month period. Investors targeting returns above deposits and other "active cash" investments may wish to consider the Fund.

Investing in the Fund is not the same as putting money in a bank account. The Fund is a unit trust, registered by the Australian Securities and Investments Commission (ASIC) under the Corporations Act. When you invest your money in the Fund, it is pooled together with other investors' money. This larger pool of money is used to buy investments on behalf of all Fund investors.

BNP Paribas Securities Services, Sydney Branch (BNP) is an independent professional custodian which holds the Fund assets for us. The Custodian is responsible for, among other tasks, arranging for settlement of sales and purchases of Fund investments. BNP may appoint sub-custodians from time to time, but is not responsible for the investment management of the Fund nor caused the issue of this PDS. We maintain a service level agreement with BNP which has certain limits on its liability. We periodically review BNP's services.

An investor's interest in the Fund is represented by a number of units, each class of which has identical rights (such as a right to any distributions, certain fees and to vote) and a value which will vary as the market value of assets in the Fund fluctuate. As a unit holder, each investor also has some obligations to us. Investors have no direct interest in the assets of the Fund but rather an undivided interest in the whole.

You can increase your investment by applying and paying for more

units, and the number of units issued depends on the amount you invest and the unit price at the relevant time. You can decrease your investment by withdrawing (or redeeming), and the number of units redeemed depends on the amount you withdraw and the unit price at the relevant time.

This Fund aims to pay distributions quarterly. An investor's entitlement is generally based on the number of units held by the investor at the end of the distribution period. Our policy is to distribute all cash income of the Fund unless we consider it in the best interests of investors as a whole to do otherwise.

Investing for the first time

The minimum initial investment for direct investors – whether investing themselves or with the help of their financial adviser or stockbroker – is \$1,000.

The easiest way to get started is to complete our simple online application at www.smitrust.com.au. Using this online application form you can also identify yourself easily, as the law requires, and transfer funds easily with BPAY®.

We will send you a reference number so you can pay with BPAY®, or you can use EFT.

Alternatively, because the Fund is an mFund (a service provided through ASX), you can buy units in the Fund like the way you buy shares: through your stockbroker. Your stockbroker may charge you a fee to help you acquire units. Ask them about this.

Investing more

BPAY® is the easiest way to invest more – you will be given your reference number when you first invest. Or contact your stockbroker if you invest through them.

The minimum additional investment is \$1,000, unless you invest through the automated savings plan in which case it is as little as \$100 per month.

Further investments are made on the basis of the PDS current at the time of further investment.

We do not accept cash.

Investing regularly

The Fund can help you save to meet your goals. Use the Savings Plan Direct Debit Form to start contributing as little as \$100 per month to the Fund automatically from a nominated bank account on or about the 15th of each month.

Contact the Administrator on 1300 133 451. Send it or scan and email the completed form to the Administrator. Your bank may charge you fees if you have insufficient money there when we go to debit your bank account. The Administrator will usually try to contact you if a transaction fails so that you can sort it out with your bank. We don't accept BPAY® to invest regularly as its minimum is \$1,000. Contact the Administrator anytime on 1300 133 451 if you wish to stop your savings plan.

Processing

Applications received before 3pm on a Sydney business day are generally processed by the next Sydney business day, assuming we have everything we need. Once lodged, applications cannot generally be withdrawn. Any interest on lodged application moneys is credited to the Fund and not to individual applicants. Applications are almost always accepted, however OneVue has discretion to refuse any application and does not need to give a reason. Investors will receive confirmation whenever they invest. You can borrow to invest, but please ensure you seek professional advice first.

So-called platform investors (i.e. those who are accessing the Fund through an investment platform) should contact the operator of their platform to invest or to invest more. Remember, processing times may be slightly longer overall, and minimum investment amounts and savings plan arrangements may be different.

Those investing using mFund should speak to their stockbroker, who can assist to invest more in the Fund.

Withdrawing

You generally have access to your investment each day. In some circumstances, such as when there is a freeze on withdrawals, investors may not be able to withdraw their funds within the usual period upon request – see below for details.

To withdraw, use the Request for Withdrawal Form. Contact the Administrator on 1300 133 451. Send it or scan and email it to the Administrator. Withdrawal requests can be faxed or scanned and emailed, but telephone requests aren't accepted.

If you are using mFund, speak to your stockbroker and they can

arrange for access to your investment. Your stockbroker may charge you a fee to help you redeem units this way. You should ask them.

There is no minimum withdrawal, but usually we require that you maintain a minimum balance of \$1,000.

Withdrawals are paid to your nominated account, normally within three Sydney business days of processing and in any case within 30 days of your request or such shorter period at our discretion. We do not pay cash or by cheque. Withdrawals received before 3pm on a Sydney business day are generally processed by the next Sydney business day, assuming we have everything we need. Once lodged, withdrawal requests cannot generally be withdrawn. Maximum withdrawal periods that may apply are contained in the Fund's constitution, available free from us.

Deductions are made for any money you owe relating to your investment.

Again, platform investors (i.e. those who are accessing the Fund through an investment platform) need not complete our forms. Processing times may be slightly longer overall. Speak to your platform operator.

Those investing using mFund should speak to their stockbroker, who can assist to withdraw from the Fund.

The price of units

Unit prices are based on the net asset value of the Fund and will vary as the market value of the assets of the Fund fluctuate. The unit price for withdrawing is slightly different: for the exit price there is a "spread". The fees and costs section of this PDS gives more detail on the spread.

We have a policy that sets out the guidelines and relevant factors and discretions for calculating unit prices. A copy (and records of any departures from the policy) is available from us on request.

The unit price of the Fund is determined at least each Sydney business day, based on the information most recently available. Unit prices are calculated in 3 steps:

- the value of the assets of the Fund is calculated, and value of the liabilities subtracted – this gives the "net asset value",
- this is divided by the number of units on issue, and
- an adjustment is generally made for transaction costs (or spread) - see the Fees and costs section 6 of this PDS.

Remember that quoted unit prices, including those available from ASX or through mFund, will be historical and not necessarily the price you will receive when applying or withdrawing.

Delays

Access to your money can be delayed in limited circumstances but the Investment Manager considers this unlikely given what the Fund invests in. Those circumstances include where:

- the Fund becomes illiquid (the law dictates this, and if this happens, at our discretion some money can be made available for withdrawals, to be allocated on a pro rata basis among those wanting to withdraw),
- there is a circumstance outside our reasonable control which we consider impacts on our ability to properly or fairly calculate the unit price, or
- withdrawal requests that would result in 20% or more of the net asset value of the Fund being withdrawn (we can stagger payment over such period that we determine).

Unit prices are generally calculated at the time the delay ends.

Compulsory redemptions

We can redeem your investment without asking if you breach your legal obligations to us, to recover money you owe us or anyone else relating to your investment, if law prohibits you from legally being an investor or if you fail to meet any minimum account balance from time to time.

Distributions

Distributions accumulate in the Fund through each quarter ending 30 June, 30 September, 31 December and 31 March and this is reflected in the unit price. Around 7 business days after the end of each quarter, your distribution will be reinvested unless you have chosen on the application form to have distributions paid to you in which case they will be paid to your bank account.

Platform investors should read the relevant administration platform guide for details about distributions.

Depending on your personal circumstances you may need to make a cash payment to the Australian Taxation Office (ATO) for tax on your distribution, even if your distribution is reinvested. Unit prices fall after

the end of each quarter, reflecting the fact that distributions have been paid to investors and there is less money in the Fund. If you invest just before the end of a distribution period, you may find that you get an immediate return of some of your investment capital as income, and this may give rise to a tax liability.

3. Benefits of investing in the Fund

Significant features

Style	Actively managed fixed-income fund.
Investment exposure	Aims to take advantage of investment opportunities within the Australian cash and fixed-income markets, investing across a range of deposits, money market securities floating-rate debt securities and listed hybrids. The Fund may also invest in units in an ASX-listed fund or trust that solely invests in Australian-dollar denominated deposits, issued by Australian Prudential Regulation Authority (APRA)-regulated, Authorised Deposit-taking Institutions.
Suitability	Those seeking returns in excess of the RBA cash rate plus 1.5% to 3.0% per annum, after Management Fees and Administration Fees and Ordinary Expenses, over a rolling 12 month period.
Volatility	The Fund expects to display volatility less than Australian fixed-rate bonds and Australian equities, but above cash. The Fund's volatility will be commensurate with the credit, market and liquidity risk assumed by the Fund.
Easy	Invest online or through your stockbroker.
Investment timeframe	Greater than 1 year.
Minimum initial investment	\$1,000
Minimum additional investment	\$1,000 (\$100 per month through our savings plan)
Minimum balance	\$1,000
Management Fee	0.44%pa - see Section 6 for details
Administration Fee	0.25% pa - see Section 6 for details

Significant benefits

Active management	The investment manager actively adjusts the Fund's portfolio of Australian cash, bonds, and listed income securities in order to maximise returns while minimising risk.
Target return	Targets returns above the RBA cash rate plus 1.5% to 3.0% per annum after Management Fees and Administration Fees and Ordinary Expenses – see section 5 for details.
Exposure to the wholesale bond market	The Fund invests in wholesale bonds issued by governments, banks and companies that are not always easy for individual investors to access.
No capped return	The Fund has no capped or fixed return, as would be the case with a fixed term deposit.
No fixed term	The Fund has no fixed minimum term, as would be the case with a term deposit.
Higher income	Aims to reliably distribute quarterly income above the returns available on traditional cash products.

No withdrawal penalties	You can access your investment anytime without penalties or break costs subject to normal liquidity and spreads.
Fast access	Withdrawals generally available in your bank account after 3 Sydney business days.

4. Risks of managed investment schemes

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

Neither returns nor the money you invest in the Fund is guaranteed. Investing in the Fund is not the same as investing in a bank account. Whilst the Fund targets returns after fees significantly in excess of the RBA cash rate, it may also have higher risk.

The significant risks of the Fund include the following:

Investment and credit risk

This is the risk that the value of an individual investment in the Fund may change in value or become more volatile, potentially causing a reduction in the value of the Fund and increasing its volatility. This may be because, amongst many other things, there are changes in government or bank policies, the Investment Manager's operations or management, or business environment, or a change in perceptions of the risk of any investment. Various risks may lead to the issuer of the investment defaulting on its obligations and reducing the value of the investment to which the Fund has an exposure.

Market risk

This is the risk that an entire market, country or economy (such as Australia) changes in value or becomes more volatile, including the risk that the purchasing power of the currency changes (either through inflation or deflation), potentially causing a reduction in the value of the Fund and increasing its volatility. This may be because, amongst many other things, there are changes in economic, financial, technological, political or legal conditions, natural and man-made disasters, conflicts and changes in market sentiment.

Interest rate risk

This is the risk that changes in interest rates can have a negative impact on certain investment values or returns. Reasons for interest rates changes are many and include variations in inflation, economic activity and Reserve Bank of Australia (RBA) policies.

However, interest rate risk with this Fund is reduced because the Fund predominantly invests in cash and floating-rate debt securities and is prohibited from investing in fixed-rate (ie, not floating-rate) debt securities with a term to maturity of longer than 24 months.

Ratings risk

The assets in which the Fund invests may or may not have been assigned credit ratings by independent ratings agencies. A ratings downgrade could significantly reduce the value of an investment and impact the value of the units of the Fund. Credit ratings do not guarantee the credit quality of a security, its underlying assets, or its repayment, and may be re-assessed by ratings agencies in a range of circumstances. Ratings agencies can make mistakes. The Fund seeks to minimise this risk by assessing the credit risks inherent in any investments it makes.

Financial instruments risk

It is also possible that from time to time derivatives may be used to manage the Fund's risks when considered appropriate. Using sophisticated financial instruments has certain risks.

Derivatives are not used with the intention to gear the Fund (or cause it to be leveraged). If using a financial instrument brings with it the potential to pay more money, the Investment Manager makes sure that the Fund has the money or assets set aside to meet this requirement.

However, various risks remain, including the value of a derivative failing to move in line with the underlying asset, potential illiquidity of a derivative, the Fund (or the underlying investment) not being able to meet payment obligations as they arise, potential leverage (or gearing) resulting from the position, and counterparty risk (counterparty risk is where the other party to the derivative cannot meet its obligations).

Specialist professionals are employed to help manage the Fund and have a thorough understanding of the financial instruments it invests in. The Investment Manager deals with issuers and counterparties it

considers to be reputable.

Unfortunately, using derivatives to reduce the Fund's risks is not always successful, is not always used to offset all relevant Fund risk, and is sometimes not cost effective or practical to use.

Borrowing risk

Although the Fund does not intend to borrow, the Fund does have an ability to borrow indirectly via the Reserve Bank of Australia's repurchase facilities in the short-term to manage withdrawals and distributions, although this would be very unusual. Risk associated with borrowing includes that it magnifies both good and bad returns.

Volatility risk

Markets can be volatile. Investing in volatile conditions usually implies a greater level of risk for investors than an investment in a more stable market. The Fund is expected to have higher volatility than bank deposits but lower volatility than traditional fixed interest funds and equities.

Valuation risk

The value of the Fund's underlying investments, as obtained from independent valuation sources, may not accurately reflect the realisable value of those investments. The Fund seeks to reduce this risk by seeking that all the assets of the Fund are valued independently on a daily basis and wherever possible using market prices.

Liquidity risk

This is the risk that your withdrawal requests cannot be met when you expect. Because cash is paid to your account when you withdraw investments of the Fund may need to be sold to pay you. Depending on factors such as the state of the markets, selling investments is not always possible, practicable or consistent with the best interests of investors.

This is one of the reasons why the constitution for the Fund specifies limited circumstances where there could be a delay in meeting your withdrawal request. The law sometimes restricts withdrawals.

Although you may sell your units privately, you may not find a buyer or a buyer at the price you want.

Structure risk

This is the risk associated with having someone invest for you.

Risks associated with investing in the Fund include; it could be closed and your money returned to you at the prevailing valuations at that time; there can be a change in the responsible entity or a change in the investment manager (for example if key individuals were no longer involved in managing the Fund); someone involved with your investment (even remotely) does not meet their obligations or perform as expected; assets may be lost, not recorded properly or misappropriated; laws may adversely change; insurers may not pay when expected; systems may fail or insurance may be inadequate.

Investment decisions by investment managers like SMI, although taken carefully, are not always successful.

Investing through an administration platform or through your stockbroker also brings some risks that the operator of the administration platform or your stockbroker may not perform its obligations properly. For instance, the stockbroker may make mistakes, or ASX may halt, suspend or revoke any admission of OneVue or the Fund to mFund. Although unlikely, ASX or stockbroker systems could fail or there could be errors, anomalies or irregularities. Investing in the Fund may give inferior results compared to investing directly (where, for example, you avoid the impact of others coming and going and may be able to manage your tax situation better).

Governance risk

The Investment Manager may take into account environmental, social and governance issues in the management of the Fund. The intention includes to help reduce certain potential credit risks and enhance relative performance of certain asset classes. Be aware that the Investment Manager's policy does not take into account all labour standards, environmental, social and ethical considerations, and that any assessment of what is or is not such a factor and should or need not be taken into is subjective. Remember that the Investment Manager's policy can change, and that investing having regard to such factors may not result in environmental, social or governance outcomes improving or desired investment outcomes being achieved. Investments may form part of the portfolio even though they do not meet such standards.

Information risk

We are committed to ensuring that your information is kept secure and

protected from misuse and loss and from unauthorised access, modification and disclosure. We use the Internet in operating the Fund and may store records in a cloud system. If stored overseas, different privacy and other standards may apply there.

The internet does not however always result in a secure information environment and although we take steps we consider reasonable to protect your information, we cannot absolutely guarantee its security.

Managing risk

As risk cannot be entirely avoided when investing, the Fund aims to identify and manage risk as far as is practicable.

Whenever investments are made, the potential for returns in light of the likely risks involved are assessed.

Risk is considered throughout the investment process and at each level of the investment process. As far as is practicable, risk is managed at both the individual investment and the Fund level.

However, many risks are difficult or impracticable to manage effectively and some risks are beyond our and the Investment Manager's control altogether.

Although the Fund is not the same as a bank account, the Fund does have a considered investment approach: see section 5 where some of the steps taken to manage risk are discussed.

Risk generally

The significant risks of investing in managed investment schemes generally include the risks that:

- the value of investments will vary, the level of returns will vary, and future returns will differ from past returns,
- returns are not guaranteed and investors may lose some or all of their money, and laws change.

The level of risk for you particularly will vary depending on a range of other factors, including age, investment time frame, how other parts of your wealth are invested, and your risk tolerance. If you are unsure whether this investment is suitable for you, we recommend you consult a financial adviser.

Further information about the risks of investing in managed investment schemes can be found on ASIC's MoneySmart website at www.moneysmart.gov.au.

Risk measure

The Investment Manager considers that the "standard risk measure" for this Fund is a Low to Medium risk rating, which means that the estimated number of negative annual returns over any 20 year period is 1 to 2. On a scale of 1 to 7 where 7 is riskiest in this respect, the Fund is in category 3.

The standard risk measure is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. It is not a complete assessment of all forms of investment risk. For instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of fees and tax on the likelihood of a negative return.

Investors should still ensure they are comfortable with the risks and potential losses associated with the Fund.

5. How we invest your money

Warning: you should consider the likely investment return, risk and your investment timeframe when choosing to invest in the Fund.

Investment objective

The Smarter Money Higher Income Fund targets returns in excess of the RBA cash rate plus 1.5% to 3.0% per annum, after Management Fees and Administration Fees and Ordinary Expenses, over a rolling 12 month period.

Recent performance of the Fund is available at www.smitrust.com.au. Your adviser or stockbroker can also provide information. Remember that quoted unit prices, including those available from ASX or through mFund, will be historical and not necessarily the price you will receive when applying or withdrawing.

The investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve over a rolling 12 month period. The Fund may not achieve its investment objective. Returns are not guaranteed.

What the Fund invests in

The Fund is actively managed by the Investment Manager and aims to take advantage of investment opportunities, and assets which are considered mispriced, within the Australian cash, fixed-income and listed hybrid (including bonds and preference shares with equity

conversion features) markets. The fund targets holding 30 to 60 debt/hybrid securities, and cash investments as appropriate, although the actual number of assets may vary from this target.

Investment in the Fund is not the same as putting your money into a bank account. The Fund invests in a range of Australian deposits, money market securities, rated and unrated floating rate notes, fixed-rate bonds, asset-backed bonds, and listed hybrids. The Fund may also invest in units in an ASX-listed fund or trust that solely invests in Australian-dollar denominated deposits, issued by Authorised Deposit-taking Institutions (ADIs) which are regulated by the Australian Prudential Regulation Authority (APRA). It is also possible that from time to time derivatives may be used to manage the Fund's risks when considered appropriate.

Style

The Investment Manager is an active manager. This entails applying bottom-up fundamental analysis of both issuers of the securities and the credit quality and structural features of the securities themselves to build a diversified portfolio of Australian cash and debt investments, including listed hybrids, that offer attractive total returns whilst minimising the risk of capital loss. Active managers seek to exploit mispricings of assets and/or find undervalued securities in order to produce superior performance.

The Fund offers relatively low interest rate/duration risk with a target of less than 3 months by investing in cash and floating-rate notes, which generally track the returns of the RBA cash rate, and limiting the maximum term of any fixed-rate securities to 24 months.

In addition to an active investment philosophy that seeks to profit from mispriced assets, the Fund also employs active asset-allocation between cash and riskier debt/hybrids securities. The Fund retains the agility to switch between cash and debt securities based on the portfolio managers' valuation views of each sector. When credit spreads are wide and the risk-return payoff on debt securities may be higher than cash, the exposure to these debt securities may increase. Equally when credit spreads compress the portfolio weight to cash may rise.

The ability to invest 100% in cash is a defensive attribute of the Fund.

A diversified approach

Although the Fund is not the same as a bank account, the Fund does have a considered and diversified investment approach:

- all the Fund's investments are Australian dollar-denominated (so the Fund has no direct exposure to foreign exchange risk, for example, and does not invest in bonds issued outside of Australia), the Fund is diversified, investing across a range of Australian deposits and cash securities, floating-rate notes, fixed-rate bonds, asset-backed bonds and hybrid securities,
- the Fund may also invest in units in an ASX-listed fund or trust that solely invests in Australian-dollar denominated deposits, issued by ADIs that are regulated by APRA,
- the Fund does not hold more than 10% of its portfolio in unrated unlisted debt securities,
- the Fund does not hold more than 15% of its portfolio in ASX listed hybrids,
- the Fund does not invest directly in listed or unlisted ordinary shares (i.e. equities) although it can invest in exchange traded funds (ETFs), listed income securities and convertible preference shares (or hybrids),
- the Investment Manager seeks to limit the Fund's interest rate risk, as defined by changes in capital values resulting from interest rate movements, by investing primarily in short-term deposits and floating-rate debt securities that generally track the RBA's cash rate and fixed-rate bonds with maturities no greater than 24 months with a target of keeping the portfolio's interest rate duration risk to less than 3 months,
- the Fund is not permitted to use leverage or gearing to enhance its returns, and
- the Fund has a Low to Medium risk rating under the "standard risk measure" (see Section 4 of this PDS for details).

Liquidity

The Fund also has access to liquidity facilities that allow certain investments to be swapped with the RBA in exchange for cash subject to the RBA accepting these investments.

The Fund targets having at least 30% of its investments in cash and investment-grade assets that are determined by the RBA to be eligible

securities that are available for repurchase through an RBA liquidity facility for cash.

Social governance

The investment manager considers that that environment, social and governance (ESG) issues can affect investment performance and other issues including like credit ratings. It considers for example that that ESG issues are not always fully incorporated by credit agencies when rating Australian fixed-income securities. Accordingly, it may take into account ESG issues as part of its active investment process, including with the goal of helping reduce potential credit risks and enhance investment performance. No formal guidelines are used, nor is any formal weighting given to the ESG issues in portfolio construction. Rather the Investment Manager takes a broad, implicit approach when carrying out this subjective assessment.

The types of ESG that may be taken into account include:

- **environmental:** weather, pollution and environmental disruption, sustainability, and associated reputational and brand risks
- **social:** political stability, human rights issues, privacy and cybersecurity, impact on local communities, health and safety, and associated reputational and brand risks
- **governance:** board composition, risk management track-record, legal and compliance track-record, history of prosecutions, management remuneration, distribution of equity, and associated reputational and brand risks

6. Fees and costs*

You should read the important information about Fees and costs in the Information Booklet before making a decision. Go to the corresponding heading of the Information Booklet, available free from us on request. The material relating to these matters may change between the time when you read this PDS and the day when you sign the application form.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on 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 us 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 investment fee calculator to help you check out different fee options.

The information in the following table can be used to compare fees and costs between different simple managed investment schemes. These fees and other costs may be deducted from your account balance, from the returns on your investment, or from the Fund's assets as a whole.

The information in the following table can be used to compare fees and costs between different simple managed investment schemes. These fees and other costs may be deducted from your account balance, from the returns on your investment, or from the Fund's assets as a whole.

TYPE OF FEE OR COST AMOUNT	AMOUNT
Fees when your money moves in or out of the Fund:	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
Management costs (the fees and costs for managing your investment)	
Management Fees + Administration Fees	0.44%pa + 0.25%pa
Performance Fee	If earned, this is 22.5% of any amount by which the Fund

outperforms its Benchmark, provided that performance has been higher than any previously achieved cumulative monthly performance level (details are below).

Additional explanation of fees and costs

Management Fees and Administration Fees

Investors who invest by themselves – direct investors – pay Management Fees and Administration Fees and can also pay Performance Fees (see below) (if you invest through an investment platform or are supported by a financial adviser or a stockbroker, see below).

Management Fees are charged primarily for managing the assets of the Fund. The Management Fee for the class of units offered under this PDS is 0.44%pa. The Administration Fee covers OneVue's costs of operating the Fund. The Administration Fee for the class of units offered under this PDS is 0.25%pa. All Management Fees and Administration Fees are calculated and accrue daily and are paid monthly in arrears out of the Fund's assets.

Performance Fee

A performance fee is also payable when returns are above both the Benchmark and the High Water Mark (as defined below).

The Benchmark is the RBA official target cash rate + 1.5% pa + Management Fees (0.44%pa) + Administration Fees (0.25%pa), calculated and pro-rated monthly (the **Benchmark**). The Benchmark is calculated monthly based on the unit price at the beginning of the month.

The High Water Mark is reached if the Fund performance level (calculated as the cumulative return of the Fund, including distributions but before performance fees, since inception) is higher than any previously achieved cumulative monthly performance level (the **High Water Mark**).

If the Investment Manager successfully manages the Fund so as to outperform the Benchmark in any month as well as the High Water Mark, it is entitled to a performance fee. The performance fee is only ever earned if both of these requirements are met. If earned, it is calculated daily and paid shortly after the end of each month. The fee accrues in the unit price through the month. Adjustments are made for applications, withdrawals and distributions through the month when doing the calculation.

The Benchmark is not intended to be a forecast. It is only an indication of the minimum return that the Investment Manager aims to achieve to earn its performance fee. The Fund may not perform. Returns are not guaranteed. Note that performance may exceed the Benchmark even when the investment objective for the Fund is not met: see Section 5 of the PDS for details.

Ordinary Expenses

All Ordinary Expenses of the Fund are paid from the Management Fee and Administration Fees.

Ordinary Expenses for the Fund include all the usual expenses associated with the Fund (including establishment, promotion, licensing, responsible entity fees, custodian, registry, audit, taxation, legal advice, external consultants, accounts, stationery, postage, compliance and compliance committee costs, fund accounting and operations costs, insurance costs and regulatory expenses, as well as any GST impact on these services).

Ordinary Expenses does not include investment expenses such as brokers, custodial transaction costs, exit (or break) costs, legal or due diligence costs for any particular investment, investment transaction costs or unusual expenses such as investor meetings, dispute management, platform listing costs, change of responsible entity or termination of the Fund, as well as any GST impact on these services, which if they arise may be recovered from the Fund. We are working to meet new requirements which will bring investors useful information regarding these costs. In the meantime, if you have any further questions you can always contact us.

Sell spread

To ensure equity as between all investors in the Fund, you pay for transaction costs associated with selling of the Fund's investments when you exit the Fund through the Sell Spread. This money is retained in the Fund not paid to us or the Investment Manager. The exit price is made 0.10% lower. For example, if you withdraw \$1,000 in the Fund then a sell spread \$1.00 would apply.

Changes

We may change the fees and costs without your consent. You will receive at least 30 days' notice of any increase. In any case, you cannot be charged more than the constitution for the Fund allows. Such a change to the constitution requires approval of investors.

Other fees and costs

Investors accessing the Fund through an investment platform are likely to also be paying fees for using that platform. Ask your platform operator.

If there is not enough money in your bank account when we debit it for a regular investment into the Fund, your bank may charge you fees. Ask your bank.

Investors accessing the Fund with the assistance of their financial adviser are likely to also be paying fees for their assistance. Ask your adviser about this.

Your stockbroker may charge you a fee to help you buy or sell units through mFund: ask them. The fee may for example be a fixed cost per application (for example, \$25, or could be an amount calculated on the amount you are buying or selling (if for example this was 0.25% and you invested \$10,000, the broking cost would be \$25)).

Government fees, duties and bank charges may also apply to investments and withdrawals and these would be paid by the Fund or you.

Warning: Fees may also be paid to your financial advisers. Ask your adviser and refer to any Statement of Advice your adviser may provide you.

Example of annual fees and costs

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 these tables to compare the Fund with other managed investment products.

The example below applies to direct investors with no discounts and no performance fees.

Example Assisted investor, no performance fees

Example		Balance of \$50,000 including a contribution of \$5,000 at the beginning of the year
Contribution Fees	0%	For every additional \$5,000 you put in, you will not be charged any contribution fee.
PLUS Management + Administration Fees	0.69% pa	And, for every \$50,000 you have in the Fund you will be charged \$345 each year.
EQUALS Cost of the Fund		If you put in \$5,000 at the beginning of the year and your balance was \$50,000, then you would be charged fees of \$345. What it costs you may depend on the fees you negotiate with your financial adviser.

The total of the Management Fees plus the Administration Fee is 0.69% pa, but fees could be higher if a performance fee is earned by the Investment Manager.

If the relevant Fund return exceeded the Benchmark by say 0.50%, then in this example a performance fee of \$56.25 would also be payable.

Other fees examples are shown in the Information Booklet, available at our Download Centre or free from us on request.

You should go to the corresponding heading of the Information Booklet to understand these and other important matters.

7. How managed investment schemes are taxed

Warning: Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice before you invest or deal with your investment.

This information is a general guide only for Australian resident investors who hold their investment on capital account. It is not a complete statement of relevant tax laws.

You will probably need to pay tax in relation to your investment in the Fund, both on distributions and withdrawals. The amount and type of tax you will need to pay, and when, depends on the tax character of any amounts paid to you, their timing and on your personal financial circumstances.

Tax can be complex

We strongly encourage you to seek timely professional advice before making investment decisions.

This Fund aims to pay distributions quarterly. Our policy is to distribute all cash income of the Fund unless we consider it in the best interests of investors as a whole to do otherwise. Investors will usually incur an income tax liability on their distributions.

Under certain laws if they apply to the Fund, we can attribute different tax results to different investors and classes, but we must make these decisions fairly, and you have rights in limited circumstances to object to any such decision. We expect that for the most part, all investors of each class will be treated the same.

This Fund offers regular liquidity in normal circumstances. Investors will usually incur a capital gains tax liability when they make a withdrawal from the Fund and when ownership of their units changes. Sometimes discounts available which reduce tax liability. Factors relevant include the kind of taxpayer you are, your tax residence and how long you have held your units.

Foreign investors

Under Australia's offshore tax rules, the ATO expects that tax be paid by investors on some gains made offshore, even though those gains are not yet received by investors back in Australia. It is also possible that investors have a tax liability on gains realised offshore but not actually paid to them here in Australia.

Additionally, certain laws focus on investors who are not Australian residents for tax purposes. These laws include the US based 'FATCA' laws, and also the 'Common Reporting Standard' which is designed to be a global standard for collection and reporting of tax information about non-residents. You must, in a timely way, give us such information concerning these matters as we may ask. Generally, we report this to the ATO, who then shares this with relevant foreign tax authorities.

You do not have to disclose your tax file number (TFN) or any Australian Business Number (ABN) you may have, but most investors do. If you choose not to and you do not have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before paying any distribution to you.

What else should you know?

We will send you information after the end of each financial year (June) to help you complete your tax return.

Investing through a trust can also mean some things are different for you from a tax viewpoint. Liabilities may be different and you may have less control. It is possible that a liability to pay tax arises on your investment even when we have not paid money to you, and in this case you may need to fund this liability independently of your investment.

Sometimes when we are administering the Fund we learn things new about past tax matters and need to make adjustments. If this happens, it is possible that we will ask you to adjust your own tax records, or the Fund may pay tax or receive a refund and it can be the investors at the time that are subject to this.

Tax outcomes can be different for indirect investors. We strongly encourage you to seek timely professional advice before making investment decisions.

Tax laws change, often substantially. You should monitor reforms to the taxation of trusts in particular and seek your own professional advice that is specific to your circumstances.

8. How to apply

It's simple

Read this PDS, including the Information Booklet available at the Download Centre or from us free on request.

Applying online is easiest – it can be completed in minutes at www.smitrust.com.au.

To start a savings plan, you must also complete the Savings Plan Direct Debit Form and either scan and email it or post it to the Administrator.

You can download forms from the Download Centre or contact the Administrator on 1300 133 451.

Cooling off

Once lodged, applications cannot generally be withdrawn. However the law provides you can change your mind, you have 14 days, starting on the earlier of when your confirmation of your investment is sent, or the end of the 5th day after the day on which your units are issued. If you have invested through mFund, speak to your

stockbroker otherwise speak to the Administrator. In this case, your money will be repaid, although adjustments are made for market movements up or down, as well as any tax and reasonable transaction and administration costs (for example, if you invest \$10,000 and the value of the units falls by 1% between the time you invest and the time your request to withdraw your investment is actioned, you could be charged \$100 on account of the reduced unit value plus costs).

Complaints

If you wish to lodge a complaint please contact us. We will attempt to resolve your concerns within 45 days. If you remain unhappy we will always tell you other steps you can take. One of these is to take your complaint to:

The Financial Ombudsman Service

GPO Box 3, Melbourne, Victoria, 3001

T: 1300 78 08 08 | E: info@fos.org.au.

FOS is independent of OneVue and the Investment Manager.

FOS has some rules which may change from time to time, including that the claim involved must generally be under \$500,000.

Current details can be obtained from www.fos.org.au.

If you are investing through an administration platform then complaints should be directed to the operator of your administration platform, not to us.

Keeping you informed

Contact our Administrator to set up online access for your account. Email them at registry@fundbpo.com.

We send you an initial confirmation statement, transaction statements, together with an annual holding statement and taxation statement.

Monthly investment reports and other information on your investment - such as unit prices are available at the Download Centre.

Each September, the Fund's accounts will be available there (we will also email or mail them to you if you wish).

Copies of documents we may lodge with ASIC (such as any half-year and annual financial reports) may be obtained from or inspected at an ASIC office or distributor. We will send you copies of any document which we lodge, if you request.

We will make information required to be disclosed under continuous disclosure obligations available at the Download Centre, and you can request a paper copy free of charge from us anytime.

At www.mfund.com.au you can find information about the fund disclosed by us using ASX's Market Announcements Platform.

Information that is not materially adverse information is subject to change from time to time. Where this occurs, a website notice will be created at the Download Centre and on our website. A paper copy of any updated information will be given to any person without charge on request.

Information about you

It's important to keep your details with us up to date – please contact us to correct them if required. You must provide in a timely way all information regarding you and your investment which law requires, for example, regarding your identity or the source or use of invested moneys.

Your rights and other important issues

Our legal relationship with investors is governed by the Fund's constitution together with this PDS and certain financial services laws. Some provisions are discussed elsewhere in this PDS and others include:

- the nature of units of the Fund (all units of each class are identical),
- our powers (and how and when we can exercise them),
- when the Fund terminates (we can terminate the Fund at any time and eligible investors share the net proceeds on a pro-rata basis),
- when we can retire and what happens if we do (usually another responsible entity will be appointed), and
- changing the constitution (we need investors' approval for any changes which are adverse to rights).

The investments of the Fund can be combined with other assets but never our own assets. We will send you a copy of the constitution free of charge if you ask.

Updating your details

For a change of address or other contact details, please forward to the Administrator a signed request or notify your stockbroker if you are investing using mFund.

For a change of nominated bank account (for receipt of distributions

and/or withdrawals), please forward to the Administrator a signed request and a copy of a bank statement for the new account, showing the account name, BSB and account number.

Transferring your units

Investors wishing to transfer your units (including recording change of trustees) should contact us. You often need to pay stamp duty.

Privacy

We respect what you tell us. We use personal information about you principally to administer your investment, comply with laws and conduct research. The Investment Manager may also use it to conduct direct marketing - if you do not want this, say so using the Application Form or just contact us. We will not share any information that it has about you unless:

- our policy allows
- you otherwise agree,
- in circumstances where the Australian Privacy Principles authorize the use or disclosure (for example, the law requires),
- a regulator or exchange requests,
- we consider that someone needs the information (typically because they are a regulator or exchange, or your adviser or stockbroker or they assist us), or
- to administer your investment.

If you do not provide us with your contact details and other personal information which they ask for, we may not be able to have or keep you as an investor. You may access the personal information about you that we hold. If details we hold about you are incorrect, they will generally be corrected, always free of charge, if you contact us. We will have no information about you if you are investing through an administration platform. A copy of our Privacy Policy is available on our website.

Meetings and changes of the responsible entity

Investor meetings are uncommon. Direct investors can generally attend and vote and meetings are largely regulated by the Corporations Act. The quorum is generally at least 2 investors present in person or by proxy together holding at least 10% of all units in the relevant class.

Changes of responsible entity are also uncommon. They too are largely regulated by the Corporations Act. Direct investors can requisition a meeting. The quorum for a meeting where there is any proposal to remove the responsible entity is at least 2 investors present in person or by proxy together holding at least 50% of all units in the Fund.

Terminating the Fund

We can decide to terminate the Fund anytime, and if we do, we will generally sell all the investments, pay all monies owing (including fees and expenses) and distribute the net proceeds to investors as soon as we consider practicable. It can take some time to finalise this process.

Limits on our responsibility

The constitution has some limits on when we are liable to investors for example, when we rely in good faith on professional advice. Subject always to any liability which the Corporations Act might impose on us, if we act in good faith and without gross negligence, we are not liable to investors for any loss suffered in any way relating to an investment in the Fund.

The constitution also contains a provision that the relevant constitution is the source of our relationship with investors and not any other laws, except those laws we cannot exclude.

Limits on your responsibility

We have included provisions in the constitution designed to protect investors. The constitution limits each investor's liability to the value of their investment in the Fund and provides that they will not, by reason of being an investor alone, be personally liable to indemnify the responsible entity and/or any creditor in the event that the liabilities of the Fund exceed the assets of the Fund. However an absolute assurance about these things cannot be given - the issue has not been finally determined by Australian courts.

Legal

The Investment Manager, YBR and YBRIS have each given and not withdrawn their consent to be named in this PDS in the form and context in which they appear and to inclusion of the statements describing them and their roles.

They make no other statements or representations in this PDS. Neither ASX nor ASIC takes any responsibility for the contents of this

PDS or the issuing or redeeming of units by us. The fact that ASX may admit the Fund to ASX's mFund is not to be taken in any way as an indication of the merits of the Fund.

The offer made in this PDS is available only to persons receiving this PDS in Australia (electronically or otherwise). If you received this PDS electronically, you can request a paper copy free of charge from us during the life of this PDS. Unless otherwise stated, all figures are in Australian dollars and include the net impact of GST.

Investing through an administration platform

An investor through an administration platform is not an investor in the Fund, and some things are different for them. Platform investors:

- are not investors in the Fund (the administration platform operator is the investor),
- do not acquire the rights of an investor (the administration platform operator has these rights),
- do not receive distributions or reports directly from us (we send these to the administration platform operator),
- do not directly participate in investor meetings or directly in any winding up of the Fund (the administration platform operator can participate if it chooses), and
- need not complete the application form or investor identification forms accompanying this PDS.

The minimum amounts to invest and withdraw depend on your administration platform, as do the overall times to invest and withdraw and the costs you pay.

Please read your administration platform guide carefully. Neither OneVue nor the Investment Manager is responsible for the operation of any administration platform, but investors who wish to access the Fund through an administration platform are authorised to use this PDS for that purpose.

Your promises when you invest

When you apply to invest, whether to us or through mFund, you (the applicant) are telling us:

- you have received, read and understood the current PDS and Information Booklet,
- monies deposited are not associated with crime, terrorism, money laundering or terrorism financing (nor will monies received from your account have any such association),
- you are not bankrupt or a minor, and
- you agree to be bound by the constitution of the Fund and the PDS (as supplemented, replaced or re-issued from time to time).

Further Information

Investors

Contact SMI on 1300 901 711 or the Administrator FundBPO Pty Limited on 1300 133 451

E: info@smitrust.com.au or registry@fundbpo.com

GPO Box 4968

Sydney NSW 2001

Fax: 02 9251 3525

www.mainstreambpo.com.au

Investor Login: <https://smitrust.fundbpo.com>

Find forms at the Download Centre: www.smitrust.com.au

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OneVue RE Services Limited AFSL 223271

Level 5, 10 Spring Street Sydney NSW 2000 Australia

T: 02 8252 2200 | E: reservices@onevue.com.au

www.onevue.com.au