

# Managed Income Portfolio Service Information Memorandum

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Providing direct access to professionally  
managed fixed income investments

This Managed Income Portfolio Services (MIPS) Information Memorandum is dated October 2020, and is issued by FIIG Securities Limited ABN 68 085 661 632,

AFS Licence No. 224659 ("FIIG"). This document describes an invitation to invest in fixed income investments using the Managed Income Portfolio Service.

Investment available to Wholesale Clients only, no cooling off period

Investments in fixed income using the Managed Income Portfolio Service (MIPS) is only available to "Wholesale Clients" (within the meaning of s761G of the Corporations Act 2001 (Cth) ("Act") and including sophisticated investors pursuant to s761GA of the Act. You may only apply for a Managed Income Portfolio Account by completing the Managed Portfolio Account Application Form. As Wholesale Clients, investors in the Managed Income Portfolio Service will not receive a product disclosure statement and will not have any cooling off rights.

This MIPS Information Memorandum is not a prospectus or product disclosure statement for the purposes of the Act and has not been lodged with the Australian Securities and Investments Commission ("ASIC").

No offer outside Australia

This MIPS Information Memorandum does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the interests or the offer, or to otherwise permit a public offering of interests in any jurisdiction outside Australia.

Information in this MIPS Information Memorandum is subject to change from time to time. Investors will be notified of any updates, and a paper copy explaining any changes will be available on request.

No personal advice

FIIG provides general financial product advice only to MIPS Clients. As a result, this MIPS Information Memorandum, and any information or advice, has been provided by FIIG without taking account of your objectives, financial situation and needs. Therefore, before acting on any advice from FIIG, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If this MIPS Information Memorandum relates to the acquisition, or possible acquisition, of a particular financial product, you should obtain a product disclosure statement relating to the product and consider the statement before making any decision about whether to acquire the product.

Neither FIIG, nor any of its directors, authorised representatives, employees, or agents, makes any representation or warranty as to the reliability, accuracy, or completeness, of this MIPS Information Memorandum.

Nor do they accept any liability or responsibility arising in any way (including negligence) for errors in, or omissions from, this MIPS Information Memorandum. FIIG, its staff and related parties earn fees and revenue from dealing in the securities as principal or otherwise and may have an interest in any securities mentioned in this MIPS Information Memorandum. Any reference to credit ratings of companies, entities or financial products must only be relied upon by a 'wholesale client' as that term is defined in s761G of the Act, or a sophisticated investor for the purposes of s761GA of the Act. FIIG strongly recommends that you seek independent accounting, financial, taxation, and legal advice, tailored to your specific objectives, financial situation or needs, prior to making any investment decision. FIIG does not provide tax advice and is not a registered tax agent or tax (financial) advisor, nor are any of FIIG's staff or authorised representatives. FIIG does not make a market in the securities or products that may be referred to in this MIPS Information Memorandum. A copy of FIIG's current Financial Services Guide is available at [www.fig.com.au/fsg](http://www.fig.com.au/fsg).

Investment via the Managed Income Portfolio Service is not a deposit with, or any other liability of, FIIG or any of its affiliates. It is subject to investment risk, including possible delays in selling your investments or repayment of withdrawal proceeds and loss of income and principal investment. FIIG does not sit behind or otherwise guarantee the capital value or investment performance of your investments via the Managed Income Portfolio Service.

Past performance of any product described in any communication from FIIG is not a reliable indication of future performance. Forecasts contained in any communication from FIIG are predictive in character and based on assumptions and no reliance should be placed on the accuracy of any forecast information. The actual results may differ substantially from the forecasts and are subject to change without further notice. No liability is accepted for any unauthorised use of the information contained in this MIPS Information Memorandum.

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# About FIIG

FIIG was established in 1998 and has offices in Sydney, Melbourne, Brisbane and Perth and provides deep expertise and unique access to fixed income markets for both investors and issuers.

FIIG provides general financial product advice and facilitates fixed income investments in the areas of short term money market products (including bank bills and negotiable certificates of deposit), term deposits, government and corporate bonds, and hybrid securities. It also provides services such as DirectBonds, Bond trading facilitation, Managed Income Portfolio Services, Debt arrangement and Issue Services, as well as Custodial and Foreign Exchange services.

FIIG is privately owned and not owned by any financial institution. This is a significant point of differentiation as it enables FIIG to transact an extensive and unrestricted range of interest rate securities and investments.

FIIG has an Australian Financial Services License (issued by ASIC) and provides general financial product advice, custodial services and dealing services to wholesale and retail investors. FIIG is a licensed custodian (regulated by ASIC) and uses JPMorgan Chase Bank ("JPMorgan") as a sub-custodian.

FIIG undertakes a regular independent assurance report completed by an auditor on internal controls relating to FIIG's custody service (GS007 Type 2) which is an international standard to which Global Custodians adhere.

FIIG provides comprehensive investment services for a wide variety of investors throughout Australia across four major sectors:

- o private clients: individual/personal investors, self-managed superannuation funds (SMSF), family and other trusts;
- o intermediaries: financial advisors and planners, brokers, accountants, family offices and SMSF administration platforms;
- o middle markets: companies, not-for-profit and charitable organisations, semi-government and government authorities, and family offices; and
- o institutions: major financial institutions, fund managers, and major corporations throughout Australia, as well as working with institutional counterparties internationally through Asia-Pacific and Europe.

FIIG also arranges and distributes corporate bonds for issuers of debt capital securities.

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# About the Managed Income Portfolio Service

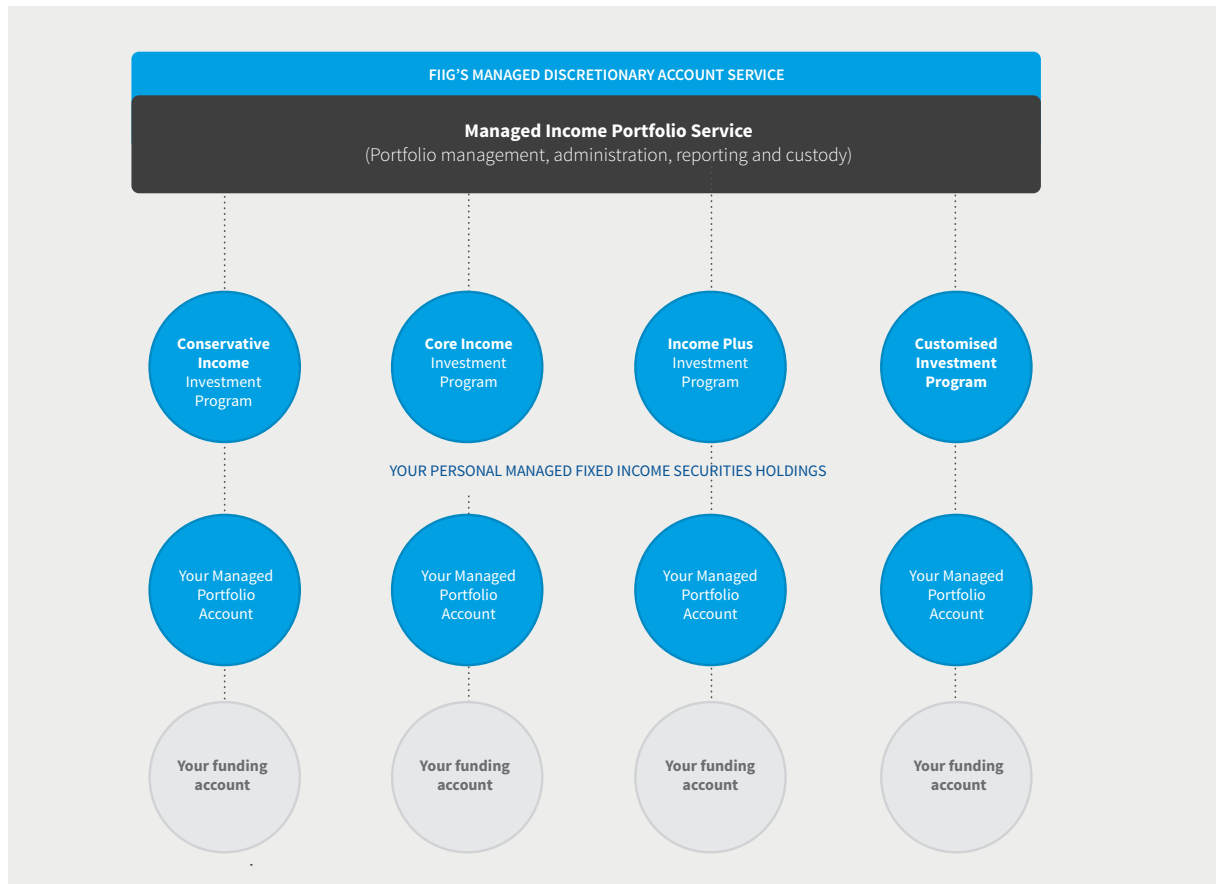
Under the Managed Income Portfolio Service you retain beneficial ownership of the fixed income securities held for your Managed Portfolio Account(s), whilst benefiting from FIIG's professional portfolio management. Your portfolio will be managed in line with your selected Investment Program(s).

Under the Managed Income Portfolio Service you may select from the Investment Programs outlined in Section 3.

The minimum investment amount is \$500,000 per Investment Program.

For investments in excess of \$5 million, FIIG will provide you with the opportunity to customise the parameters of your Investment Program.

## Managed Income Portfolio Service structure



Key benefits of investing through the Managed Income Portfolio Service include:

### Experience

Professional investment management – FIIG’s professional and experienced portfolio managers have day-to-day management of your fixed income securities and products to invest and trade in accordance with your selected Investment Program.

### Control

Retain beneficial ownership – you retain beneficial ownership of your portfolio of fixed income securities which are held in your own custody account in your name.

### Simplicity

Receive regular and timely income – you will receive your income in your Funding Account(s) within two (2) Business Days from the date on which it is received by FIIG from the security issuer. This can be reinvested, or the net proceeds can be transferred from your Funding Account(s) to your nominated account.

Transparency – your monthly statements, which are available online, contain details of your portfolio’s investments, performance, valuations, transactions and income.

One fixed income solution – you will receive your fixed income portfolio management, administration, reporting and custody in one place.

Easy administration – FIIG will receive and administer any notices and corporate actions related to your Managed Portfolio Account(s).

Diversification – your Managed Portfolio Account(s) will be invested in a minimum number of fixed income securities, as specified in your selected Investment Program(s).

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# Key Features of the Managed Income Portfolio Service

Section 10 sets out important definitions for some of the terms used in this MIPS Information Memorandum.

FEATURE	DESCRIPTION
Investment Manager	FIIG Securities Limited ('FIIG')
Custodian and Administrator	FIIG Securities Limited, with JP Morgan appointed as sub-custodian.
Managed Income Portfolio Service	<p>The Managed Income Portfolio Service ("MIPS") offers you the opportunity to invest in individually managed accounts ("Managed Portfolio Accounts") which are managed to the following Investment Programs.</p> <p>There are three (3) Investment Programs to choose from:</p> <ol style="list-style-type: none"> <li>1. Conservative Income Investment Program;</li> <li>2. Core Income Investment Program; and</li> <li>3. Income Plus Investment Program.</li> </ol> <p>Subject to meeting the Minimum Investment Amount of \$500,000 for each Investment Program, you can invest in one or more of the three Investment Programs. The details of each Investment Program are set out in Section 3 of this MIPS Information Memorandum.</p>
Customisation	If you have \$5 million or more to invest, FIIG can customise the parameters within which FIIG will manage your Managed Portfolio Account. This is referred to as a 'Customised Investment Program'.
Investor Eligibility	Investment through the Managed Income Portfolio Service is only available to investors who are both Wholesale Clients and Australian tax residents.
Minimum Investment Amount	The Minimum Investment Amount is \$500,000 for each Investment Program or \$5 million for a Customised Investment Program.
Investment Program Switching	You can switch between Investment Programs. Refer to Section 4 for details.
In specie Transfers	You can transfer your existing fixed income investments into your Managed Portfolio Account. In Specie transfers are subject to the investments meeting the parameters of your selected Investment Program, being sufficiently liquid to trade (having regard to market conditions), satisfying the minimum parcel sizes for Austraclear or Euroclear <sup>1</sup> , and being Australian currency.

<sup>1</sup> Austraclear provides depository, registration, cash transfer and settlement services for debt instrument securities in financial markets in Australia and the Asia-Pacific region. Euroclear is a clearing house for securities traded in the Euromarket and specialises in the settlement of securities transactions as well as the safekeeping and asset servicing of these securities.



FEATURE	DESCRIPTION	
Funding Account	<p>To use the Managed Income Portfolio Service, you will be required to open an at-call cash management account with Macquarie Bank Limited ABN 46 008 583 542 ("Macquarie") (or a replacement bank selected by FIIG) ("Funding Account") for each Investment Program. As a licensed Australian bank, Macquarie is subject to regulation by APRA. Macquarie also holds AFSL No. 237502 and is subject to regulation by ASIC.</p>	<p>Fees and charges may be payable. Terms and Conditions apply and are included in the Product Information Statement that is available at <a href="http://macquarie.com.au/personal">macquarie.com.au/personal</a>.</p> <p>You will appoint FIIG to operate and maintain the Funding Account(s) on your behalf, which will only be used for the purposes of your Managed Portfolio Account(s). Refer to Section 4 for further information regarding the Funding Account and its operation.</p>
Fixed Income Securities	<p>Your Managed Portfolio Account(s) will be invested in fixed income securities at FIIG's discretion but in compliance with the parameters of the Investment Program(s) that you select. Examples of fixed income securities that may be in your Managed Portfolio Account(s) include:</p> <ul style="list-style-type: none"> <li>o Cash</li> <li>o Term deposits</li> <li>o Negotiable certificates of deposit</li> <li>o Bank bills</li> <li>o Commercial paper</li> <li>o Government, semi-government and index-linked bonds</li> <li>o Corporate bonds</li> </ul>	<ul style="list-style-type: none"> <li>o Subordinated debt</li> <li>o Listed interest bearing securities</li> <li>o Listed Investment Companies</li> <li>o Mortgage-backed securities</li> <li>o Structured credit products</li> <li>o Asset-backed securities</li> <li>o Loans</li> <li>o Exchange Traded Funds (ETFs)</li> </ul> <p>The parameters for each Investment Program are described in more detail in Section 3.</p>
Income Payments and Re-Investment	<p>Coupons, interest, maturity payments, redemption payments, sale proceeds, repayments of principal and other distributions paid on each of your Managed Portfolio Account(s) will be paid directly into your Funding Account associated with your Investment Program. You may elect to:</p>	<ol style="list-style-type: none"> <li>1. have distributions, interest and coupons on your investments (net of fees and expenses and subject to maintaining the minimum balance) automatically transferred to your nominated account; or</li> <li>2. accumulate income in your Funding Account(s) for reinvestment in accordance with your Investment Program(s).</li> </ol> <p>Refer to Section 4 for further information on income payments and reinvestment arrangements.</p>

FEATURE	DESCRIPTION	
<p>Withdrawing Funds and Terminating your Managed Portfolio Account</p>	<p>Subject to market conditions (including liquidity, volatility and pricing), you may withdraw funds from, or terminate, your Managed Portfolio Account(s) by giving FIIG:</p> <ol style="list-style-type: none"> <li>1. Five (5) Business Days written notice in respect of a request for a withdrawal; and</li> <li>2. Ten (10) Business Days written notice in respect of a notice of termination.</li> </ol> <p>Assuming market conditions permit, when withdrawing your investment, you will have a choice between having:</p> <ol style="list-style-type: none"> <li>1. your assets sold by FIIG and the proceeds paid to your associated Funding Account;</li> <li>2. your assets transferred (in specie) out of your Managed Portfolio Account(s) but remaining in FIIG's custody (where applicable);</li> </ol>	<ol style="list-style-type: none"> <li>3. your assets transferred (in specie) out of your Managed Portfolio Account(s) to another custodian, at your direction; or</li> <li>4. a combination of the above.</li> </ol> <p>Transferring assets (in specie) out of your Managed Portfolio Account(s) to another custodian is subject to meeting the minimum Austraclear or Euroclear requirements.</p> <p>Unless you terminate your Managed Portfolio Account(s), you must maintain the Minimum Investment Amount per Investment Program unless failure to do so is due to a diminution in value of your portfolio (i.e. rather than withdrawals).</p> <p>Refer to Section 4 for further information on withdrawing or terminating your Managed Portfolio Account(s).</p> <p>Refer to Section 5 for information regarding the risks associated with a withdrawal or termination of your Managed Portfolio Account(s).</p>
<p>Reporting</p>	<p>You will have secure online access to your monthly Managed Portfolio Account statement(s), detailing:</p> <ul style="list-style-type: none"> <li>o Investments</li> <li>o Portfolio Performance</li> <li>o Fixed income holding valuations</li> </ul>	<ul style="list-style-type: none"> <li>o Funding Account balances</li> <li>o Investment income</li> <li>o Fixed income transactions</li> <li>o Security ratings</li> <li>o Portfolio expenses and fees</li> </ul>
<p>Key risks of investing through the Managed Income Portfolio Service</p>	<p>There are a number of risks associated with investing in a Managed Portfolio Account. Section 5 outlines those risks that FIIG believes to be material risks. Risks associated with making an investment in a Managed Portfolio Account include (but are not limited to) interest rate risk, market risk, credit risk, operational risk, liquidity risk, investment manager risk and the potential risk of losing part or all of your capital. You should understand the risks of making an investment in the</p>	<p>Managed Income Portfolio Service and FIIG strongly recommends that you seek independent accounting, financial, taxation and legal advice tailored to your specific objectives, financial situation or needs, prior to making any decision to invest using the Managed Income Portfolio Service. FIIG does not provide tax advice and is not a registered tax agent or tax (financial) advisor, nor are any of FIIG's staff or authorized representatives. FIIG does not provide personal advice.</p>

FEATURE	DESCRIPTION	
Conflicts of interest	<p>FIIG performs a number of roles in relation to your Managed Portfolio Account(s) including:</p> <ul style="list-style-type: none"> <li>o acting as Portfolio Manager with investment discretion over your fixed income investments;</li> <li>o acting as custodian for your fixed income investments (with the exception of the Funding Account(s) and term deposits, which may be held in your name);</li> <li>o providing dealing services, under which FIIG transacts with your Managed Portfolio Account(s) as principal (i.e. it will buy Bonds from, and sell Bonds to, your Managed Portfolio Account(s) as principal); and</li> </ul>	<ul style="list-style-type: none"> <li>o acting as the arranger or distributor for Bonds potentially invested in by your Managed Portfolio Account(s).</li> </ul> <p>These roles raise a number of conflicts of interest for FIIG in relation to the Managed Income Portfolio Service. Section 7 describes some of the significant conflicts of interest identified by FIIG, and how FIIG manages them.</p>
Fees and costs	<p>FIIG will charge each of your Funding Account(s) on a prorated monthly basis a: Management Fee (including GST) of:</p> <ul style="list-style-type: none"> <li>o 0.65% for the Conservative Income and Core Income Investment Programs</li> <li>o 0.85% p.a. for the Income Plus Investment Program</li> <li>o By agreement for a Customised Investment Program</li> </ul> <p>Custody and Administration Fee (including GST) being:</p> <ul style="list-style-type: none"> <li>o 0.20% p.a. for the first \$500,000</li> <li>o 0.14% p.a. for the next \$1.5m</li> <li>o 0.09% p.a. for the next \$3m</li> <li>o 0.06% p.a. for amounts over \$5m</li> </ul>	<p>The Management Fee and Custody and Administration Fee are calculated on the value of the investments in each of your Managed Portfolio Account(s). Refer to Section 4 for further information regarding how your investments are valued.</p>

# Managed Income Portfolio Investment Programs

## Overview

This section provides an outline of the three Investment Programs offered under the Managed Income Portfolio Service. Subject to meeting the Minimum Investment Amount of \$500,000 for each Investment Program, you may instruct FIIG to manage your Managed Portfolio Account(s) in accordance with one or more of the Investment Programs outlined below.

If you invest at least \$5 million through the Managed Income Portfolio Service, you may customise the parameters within which FIIG will manage your investments, under a 'Customised Investment Program'.

For all Investment Programs, each of the parameters outlined in the tables and throughout are subject to:

- An initial "grace period" of up to 30 Business Days while the Portfolio Manager constructs and invests your portfolio when you first invest, or when you invest additional cash; and
- FIIG's discretion to allocate large proportions of your portfolio (up to 100%) to cash (including cash held with a single financial institution), for example during periods of extreme market volatility or uncertainty.

## 3.1 Conservative Income Investment Program

FEATURES		PARAMETERS	
Investment Objective		The Conservative Income Investment Program aims to primarily invest in investment grade fixed income securities that have a high senior ranking in the issuer's capital structure, aiming to provide: <ul style="list-style-type: none"> <li>(i) Direct access to regular income; and</li> <li>(ii) Exposure to investment grade credit only.</li> </ul>	The Conservative Income Investment Program aims to provide investors exposure to a diversified portfolio of risk averse investment grade senior and subordinate fixed income securities which produce reliable and regular income. This program will have a lower book value entry yield, a lower coupon (income) yield and a higher probability of capital stability than the other two MIPS Investment Programs.
			Limit
Holding limits % of total Investment in Investment Program (at the time an Investment is made)	Liquid Assets	Cash (excluding Funding Account minimum)	Up to 100%
		Government/Semi-government	Up to 100%
	Issue Credit Rating <i>(As rated by at least one internationally recognised credit rating agency)</i>	Investment Grade only	
	Capital Structure	Senior Debt	Up to 100%
		Subordinated Debt	Up to 20%
	Asset Backed Securities <i>(As rated by at least one internationally recognised credit rating agency)</i>	All Asset Backed Securities, including but not limited to Residential & Commercial Mortgage Backed Securities (RMBS & CMBS) and other loan receivables.	Up to 20%
	Fixed Income Issuer Concentration	Up to 25% exposure to any one issuer	
Fixed Income Security Concentration	Up to 15% exposure to any one issue		
Minimum number of Bonds	A minimum of ten (10) Bonds will be included in each Managed Portfolio Account		
Maximum Modified Duration	The Managed Portfolio Account Modified Duration will not exceed five (5) years		
FIIG Arranged Bonds <i>(Refer to Sections 4 &amp; 7 for more information in relation to FIIG Arranged Bonds)</i>	FIIG Arranged Bonds will not comprise more than 25% of the value of your Managed Portfolio Account		
Approved Currencies	Only Australian dollar denominated investments		

## 3.2 Core Income Investment Program

FEATURES		PARAMETERS	
Investment Objective		<p>The Core Income Investment Program aims to primarily invest in investment grade fixed income securities that have a high senior ranking in the issuer's capital structure, aiming to provide:</p> <ul style="list-style-type: none"> <li>(i) Direct access to regular income; and</li> <li>(ii) Higher level of capital preservation relative to the Income Plus Investment Program.</li> </ul> <p>The Core Income Investment Program aims to deliver investors an incrementally higher return than the Conservative Income</p>	<p>Investment Program through exposure to a diversified portfolio of predominantly risk averse (senior) investment grade fixed income securities, in conjunction with a lower allocation to higher risk (senior) non-investment grade fixed income securities, which collectively produce reliable and regular income. This program will have a higher book value entry yield, a higher coupon (income) yield and an incrementally lower probability of capital stability than the Conservative Income Investment Program.</p>
			Limit
Holding limits % of total Investment in Investment Program (at the time an Investment is made)	Liquid Assets	Cash (excluding Funding Account minimum)	Up to 100%
		Government/Semi-government	Up to 100%
	Issue Credit Rating <i>(As rated by at least one internationally recognised credit rating agency)</i>	Investment Grade only	Up to 100%
		Sub-Investment Grade & Unrated	Up to 25%
	Capital Structure	Senior Debt Only (secured and unsecured)	Up to 100%
	Asset Backed Securities <i>(As rated by at least one internationally recognised credit rating agency)</i>	All Asset Backed Securities, including but not limited to, Residential & Commercial Mortgage Backed Securities (RMBS & CMBS) and other loan receivables.	Up to 20%
	Fixed Income Issuer Concentration	Up to 25% exposure to any one issuer	
Fixed Income Security Concentration	Up to 15% exposure to any one issue		
Minimum number of Bonds		A minimum of ten (10) Bonds will be included in each Managed Portfolio Account	
Maximum Modified Duration		The Managed Portfolio Account Modified Duration will not exceed five (5) years	
FIIG Arranged Bonds (Refer to Sections 4 & 7 for more information in relation to FIIG Arranged Bonds)		FIIG Arranged Bonds will not comprise more than 35% of the value of your Managed Portfolio Account	
Approved Currencies		Only Australian dollar denominated investments	

## 3.3 Income Plus Investment Program

FEATURES		PARAMETERS	
Investment Objective		<p>The Income Plus Investment Program aims to invest in higher yielding fixed income securities, offering:</p> <p>(i) Direct access to higher regular income; and</p> <p>(ii) Investing in both senior and subordinated debt tranches of Sub-Investment Grade and Unrated securities.</p> <p>The Income Plus Investment Program aims to deliver investors an incrementally higher return than the Core Income Investment Program through exposure to a</p>	<p>diversified portfolio of predominantly higher risk (senior and subordinate) non-investment grade fixed income securities, in conjunction with a lower allocation to lower risk (senior and subordinate) investment grade fixed income securities, which collectively produce reliable and regular income. This program will have a higher book value entry yield, a higher coupon (income) yield and a lower probability of capital stability than the Core Income and Conservative Income Investment Programs.</p>
			Limit
Holding limits % of total Investment in Investment Program (at the time an Investment is made)	Liquid Assets	Cash (excluding Funding Account minimum)	Up to 100%
		Government/Semi-government	Up to 100%
	Issue Credit Rating <i>(As rated by at least one internationally recognised credit rating agency)</i>	Investment Grade	Up to 100%
		Sub-Investment Grade & Unrated	Up to 75%
	Capital Structure	Senior Debt Only (secured and unsecured)	Up to 100%
		Subordinated Debt (secured and unsecured)	Up to 20%
	Asset Backed Securities <i>(As rated by at least one internationally recognised credit rating agency)</i>	All Asset Backed Securities, including but not limited to Residential & Commercial Mortgage Backed Securities (RMBS & CMBS) and other loan receivables.	Up to 20%
Fixed Income Issuer Concentration	Up to 25% exposure to any one issuer		
Fixed Income Security Concentration	Up to 15% exposure to any one issue		
Minimum number of Bonds	A minimum of ten (10) Bonds will be included in each Managed Portfolio Account		
Maximum Modified Duration	The Managed Portfolio Account Modified Duration will not exceed five (5) years		
FIIG Arranged Bonds <i>(Refer to Sections 4 &amp; 7 for more information in relation to FIIG Arranged Bonds)</i>	FIIG Arranged Bonds will not comprise more than 60% of the value of your Managed Portfolio Account		
Approved Currencies	Only Australian dollar denominated investments		

# How your Managed Portfolio Account works

## Overview

The Managed Income Portfolio Service provides management, administration, reporting and custody services in relation to a portfolio of fixed income securities or investments and cash, providing you with access to FIIG's expertise in managing your fixed income investments. The service allows you to select from one or more of the Managed Income Portfolio Service Investment Programs outlined in Section 3. The assets in your Managed Portfolio Account(s) will be held by FIIG in your name, as beneficial owner, in custody with FIIG via FIIG's sub-custodian JP Morgan (or, in the case of the Funding Account(s) and term deposits, may be held directly in your name). As a Managed Income Portfolio Service's client, FIIG will construct and manage your fixed income portfolio in a manner consistent with the parameters of the Investment Program(s) you select. For investments in excess of \$5 million through the Managed Income Portfolio Service, you may customise the parameters within which FIIG is to manage your investments, under a "Customised Investment Program".

Your Managed Income Portfolio Service includes the following services:

- Determination of the fixed income asset allocation for your portfolio in accordance with the parameters of your Investment Program(s);
- Investment and ongoing management of your fixed income portfolio in accordance with the parameters of your Investment Program(s);
- Regular monitoring of your Managed Portfolio Account(s), including identifying market opportunities and risks with the aim of enhancing Performance and managing risk within the Investment Program parameters;
- Custody and administration of your Managed Portfolio Account(s) and corporate actions; and
- Monthly and annual reporting on your Managed Portfolio Account holdings, transactions, income, Performance, fees and expenses.



## Applying for a Managed Portfolio Account

Managed Portfolio Accounts are only available to Wholesale Clients who are Australian residents for tax purposes. Refer to the Managed Portfolio Account Application Form for information on how to apply.

## Fixed Income Securities

Your Managed Portfolio Account(s) will be invested in fixed income securities at FIIG's discretion but in compliance with the parameters of the Investment Program(s) that you select. Examples of fixed income securities that may be included in your Managed Portfolio Account(s) include:

- o Cash
- o Term deposits
- o Negotiable certificates of deposit
- o Bank bills
- o Commercial paper
- o Index-linked bonds
- o Government, semi-government and Corporate Bonds that are secured, unsecured, rated, unrated, senior, subordinate and/or guaranteed
- o Listed interest bearing securities
- o Listed investment companies
- o Asset-backed securities (including Residential and Commercial Mortgage Backed Securities (RMBS & CMBS) and other loan receivables)
- o Structured credit products
- o Loans
- o Exchange Traded Funds (ETFs)

The above list is not exhaustive. FIIG maintains an Approved Product List of fixed income securities in which your Managed Portfolio Account(s) may be invested. Pursuant to the Customised Investment Program, the APL may be altered subject to Client approval.

When considering which fixed income securities to include according to an Investment Program, your Portfolio Manager selects from the Approved Product List. When selecting from the Approved Product List FIIG considers a number of factors including, but not limited to, the suitability of the security for an Investment Program, the nature of the security, any redemption or conversion features a security may have and the credit risk of the issue, issuer and/or guarantor(s).

## Ownership of Assets – Custody

FIIG acts as custodian for the investments in your Managed Portfolio Account(s) (other than the Funding Account(s) and term deposit investments, which may be held directly in your name). FIIG has appointed JPMorgan as sub-custodian.

The legal interest in investments will be held with Austraclear or Euroclear, however the beneficial ownership will be recorded in your name by FIIG as custodian or the sub-custodian, JPMorgan. FIIG may change sub-custodians at its discretion and undertakes to advise you accordingly.

You will need to enter into a Custody Agreement with FIIG. The terms of the Custody Agreement, which forms part of your MIPS Contract, is found in Section 10 of this Memorandum, and available at [www.fig.com.au/custodyterms](http://www.fig.com.au/custodyterms).

## Minimum Investment Amount

The Minimum Investment Amount for each Investment Program is \$500,000, and \$5 million for a Customised Investment Program. Should the value of your Investment in a Managed Portfolio Account fall below the relevant minimum investment amount for any reason (other than a diminution in value of your investments), FIIG may, at its discretion, choose to terminate your MIPS Contract.

## Method of Contribution

Once you have entered into the MIPS Contract with FIIG, you can choose to make your initial and any future additional contributions to your Managed Portfolio Account(s) by:

1. depositing cash into your Funding Account(s) associated with your Investment Program(s);
2. in specie transfer of agreed investments, subject to certain conditions being satisfied(see below); or
3. a combination of the above.

## In Specie Transfers

You can transfer your existing fixed income investments into your Managed Portfolio Account with our consent by completing a Managed Income Portfolio Service (In Specie) Transfer of Security Form. We will consent to in specie transfers where the investments meet the parameters of your selected

Investment Program, are sufficiently liquid to trade (having regard to market conditions), satisfy the minimum parcel sizes for Austraclear or Euroclear and are Australian currency. Once received, fixed income investments will be valued based on the valuation principles outlined under Asset Valuations in this section. Upon transfer into your Managed Portfolio Account(s), fixed income investments may be held or sold at FIIG's discretion.

### Funding Account(s)

Managed Income Portfolio Service clients are required to open and retain a Funding Account for each Investment Program. Your Funding Account(s) will form the transaction cash account for the purposes of the Managed Income Portfolio Service, and will be used by FIIG to:

- fund the acquisition of assets that form part of your Managed Portfolio Account(s);
- receive maturities of your investments in your Managed Portfolio Account(s);
- receive income directly from your investments in your Managed Portfolio Account(s);
- make payments in connection with the Managed Income Portfolio Service, including fees and expenses; and
- accumulate income to be reinvested at FIIG's discretion – for investors who instruct FIIG to reinvest their income only.

When applying for a Managed Portfolio Account(s) you will provide FIIG with instructions to open, operate and maintain a Funding Account for each Investment Program on your behalf.

You will receive an email from FIIG noting that a Funding Account (or Funding Accounts in the case of multiple Investment Programs) has been opened by FIIG on your behalf. The email will provide the Product Information Statement which sets out the terms and conditions for this account.

The Funding Account(s) will be opened in your name (matching the name of your Managed Portfolio Account(s)) and will not be held in custody by FIIG.

Under your MIPS Contract, you provide authority to enable FIIG, at its discretion, to:

- access information about your Funding Account(s);
- make withdrawals from, or deposits to,

your Funding Account(s) to settle securities acquired or sold in accordance with your Investment Program(s);

- make withdrawals from the Funding Account(s) for the purpose of paying fees and expenses related to your Managed Portfolio Account under the MIPS Contract;
- deposit coupon and interest payments or maturing capital amounts; and
- instruct the Funding Account Provider of a change to the personal information associated with the Funding Account and use best endeavours to update these details within five (5) Business Days of receipt of written instructions from you.

FIIG requires that:

- you maintain a balance in each of your Funding Account(s) of at least 1% of the value of the Managed Portfolio Account associated with the Investment Program at any time to ensure sufficient funds are available to meet your fee and expense obligations; and
- you do not use your Funding Account(s) for any purpose other than those relating to the Managed Income Portfolio Service and therefore consent to being provided with online *view access* to this account.

Your Funding Account balance(s) (and any returns earned on these balances) will be included when assessing the Performance of your Managed Portfolio Account(s).

### Term deposits

Similar to the Funding Account(s), any term deposits invested in your Managed Portfolio Account(s) may be acquired and held in your name directly rather than through FIIG as custodian. The power of attorney you give FIIG under the MIPS Contract will enable it to open, access and transact on such term deposits on your behalf.

### Income Payments and Reinvestment

Income payments, including coupons, interest, maturity payments, redemption proceeds and other distributions on securities in each of your Managed Portfolio Account(s), will be paid into your Funding Account associated with your Investment Program upon receipt by FIIG.

When investment income is paid into your Funding Account, you may elect to:

1. have your Investment income automatically transferred to another account you have nominated (note that the automatic transfer facility will not apply to any capital or capital gain realised on disposal of an Investment); or
2. accumulate income in your Funding Account for reinvestment in accordance with your Investment Program.

If you elect to have your income reinvested, then income received will accumulate in each of your Funding Account(s) until sufficient funds are available to meet the minimum parcel size for the relevant fixed income security to be acquired by FIIG within your Managed Portfolio Account in accordance with your Investment Program. In these circumstances, FIIG may invest this accrued income in other Investment opportunities consistent with your Investment Program(s).

You may change instructions previously provided to FIIG regarding the reinvestment of your income at any time by completing a Managed Portfolio Account Change of Details Form. FIIG may take up to ten (10) Business Days from receipt of the form to give effect to your amended instruction.

### Asset Valuations

FIIG will determine the valuation of your Managed Portfolio Account(s) for the purposes of providing you with reports and as the basis for calculating fees.

FIIG will determine values as follows:

1. cash (including your Funding Account balance(s)) and term deposits will be valued based on the deposit balance as advised by the relevant Authorised Deposit-taking Institution with whom the Investment has been made; and
2. other fixed income securities (including bonds and asset backed securities) will be valued using valuations sourced from an independent provider of fixed income pricing data.

Independent providers of fixed income valuations determine the value of assets using a combination of actual transaction data and relative value analysis.

Under the MIPS Contract, you are required to give certain acknowledgements and undertakings regarding the use of third party valuation data

provided through your Managed Income Portfolio Service. In addition you are required to indemnify FIIG (for the benefit of its third party service providers), for certain claims or losses suffered in respect of the Managed Income Portfolio Service.

Each year, FIIG will engage an independent accounting firm to perform an audit and issue a report in connection with assisting FIIG to assess whether the assets (i.e. the cash, term deposits and other fixed income securities referred to above) have been valued, in all material respects, in accordance with the requirements of this Information Memorandum. The nature of the audit engagement may include, but is not limited to, any one or more of the following: an agreed-upon procedure engagement, a controls attestation engagement, a compliance attestation engagement, a consulting engagement, or any other type of engagement as determined by FIIG.

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You should be aware that for a limited number of Bonds (including FIIG Arranged Bonds) FIIG may be the major dealer in a Bond. As a consequence, the valuation for such Bonds may be influenced by the Bond prices supplied by FIIG to the independent provider of fixed income valuations.

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See Section 7 for further information about FIIG Arranged Bonds.

### Reporting

Secure online monthly and annual reports and current holdings will be made available to you in relation to your Managed Portfolio Accounts. These reports will provide information relating to the following during the relevant reporting period:

- o Investments;
- o Portfolio Performance;
- o Holding valuations;
- o Funding Account balances;
- o Transactions;
- o Investment income;

- o Holding security ratings;
- o Portfolio expenses.

### Transaction Contracts and Coupon Advices

Contract notes providing details of each transaction FIIG makes in relation to your Managed Portfolio Account(s), as well as coupon advices, will be available to you upon request. Please call FIIG on 1800 01 01 81 or email [clientservices@fiig.com.au](mailto:clientservices@fiig.com.au) to obtain copies of your contract notes and coupon advices.

### Investment Program Portfolio Holdings

Due to factors such as the timing at which you open your Managed Portfolio Account(s) and when FIIG makes an investment in connection with your Investment Program(s), and varying market liquidity for securities, not all clients selecting the same Investment Program will have the same portfolio of fixed income securities held in their Managed Portfolio Accounts at any one time.

### Maturing Fixed Income Securities

FIIG expects that your Managed Portfolio Account(s) may hold a number of fixed income securities that have different maturity dates. When a fixed income security matures, the amount paid by the issuer of the security will be reinvested in line with your Investment Program. For clarity, the amount paid by an issuer as a result of a maturing security, redemption or sale proceeds, will be paid into your Funding Account associated with your Investment Program before being reinvested. Such amounts will not be subject to any instructions that you have provided in relation to payments of income.

### Changing your Managed Portfolio Investment Program

You may change between Managed Income Portfolio Service Investment Programs, or for Customised Investment Programs change your parameters, by completing a Managed Portfolio Account Change of Details Form and for each new Investment Program a Managed Portfolio Account Application Form. You must maintain the Minimum Investment Amount in each Investment Program, in which you invest.

Changing Investment Programs may involve the sale of some or all of the existing fixed income securities in your Managed Portfolio Account(s) to ensure that holdings align with your newly chosen Investment Program. Subject to market conditions, FIIG will seek to change your holdings in your Managed Portfolio Account(s) as soon as is reasonably practicable, following receipt of your Managed Portfolio Account Change of Details Form. However, you may experience a loss of capital when switching between Investment Programs due to changes in the market (such as interest rate and credit movements), transaction costs in disposing of your securities, and securities in your Managed Portfolio Account being sold prior to maturity.

The time it will take to change the holdings in your Managed Portfolio Account(s), so that they are consistent with your new Investment Program, may be influenced by a number of factors, including the market liquidity for certain fixed income securities at the time of switching. Whilst FIIG cannot guarantee the maximum period of time it will take to make the relevant adjustments to the holdings in your Managed Portfolio Account(s), FIIG believes that (in normal market conditions) it will generally take less than thirty (30) Business Days from the time FIIG receives your properly completed Managed Portfolio Account Change of Details Form and, where applicable, your Managed Portfolio Account Application Form.

### Withdrawal of Investments

Subject to market conditions (including liquidity, volatility and pricing), and maintaining the Minimum Investment Amount, a request to withdraw some or all of your Investment may be made by submitting a Managed Income Portfolio Service Withdrawal or Termination Form to FIIG. You may request FIIG to satisfy your withdrawal by the following options:

1. having your assets sold by FIIG and the proceeds paid to your Funding Account associated with your Investment Program;
2. having your assets transferred (in specie) out of the Managed Portfolio Account but remaining in FIIG's custody (where applicable);
3. having your assets transferred (in specie) out of the Managed Portfolio Account to another custodian, at your direction; or
4. a combination of the above.

Upon receipt of your request, FIIG will seek to satisfy your withdrawal as soon as is reasonably practicable.

Where a cash withdrawal is requested, FIIG may need to sell assets to fulfil your request. Due to a potential lack of market liquidity at the time of your withdrawal request, this may result in a delay in the satisfaction of your withdrawal request and a potential loss of capital (as outlined in the description of "Early Withdrawal Risk" in Section 5).

The minimum Investment size per security may also result in more cash being made available than you have requested. For example, Bonds can only be traded in minimum denominations of \$10,000 or lots of \$10,000, then in the event of a \$5,000 withdrawal request, surplus of \$5,000 cash may also become available to you for withdrawal or be held for reinvestment once additional funds accumulate.

Where a request is received to transfer assets (in specie) out of your Managed Portfolio Account(s) to another custodian, FIIG will need to ensure that the assets meet minimum Austraclear or Euroclear requirements for the transfer.

To terminate your Managed Portfolio Account(s) you must give FIIG ten (10) Business Days' written notice by completing a Managed Income Portfolio Service Withdrawal or Termination Form.

Upon termination of your Managed Portfolio Account(s), if you elect for FIIG to sell your assets and pay the proceeds to your Funding Account(s), FIIG will undertake best endeavours to sell the Bonds as soon as is reasonably practicable considering market conditions (including the liquidity of the securities). Funds received in relation to the sale of individual fixed income securities held in your Managed Portfolio Account will be deposited into your Funding Account associated with your Investment Program as each holding is sold. You should be aware that selling assets under this option may result in a reduction of capital value and capital losses as outlined in Section 5.

FIIG will continue to charge the Managed Portfolio Account Management Fee and Custody and Administration Fee until all net proceeds from the sale of assets and any associated coupon payments have been deposited into your Funding Account or the assets transferred in specie out of your Managed Portfolio Account. For clients who elect to have assets remain in FIIG's custody, and for clients who

do not make an election their assets will remain in FIIG custody and, the terms of the Client Custody Agreement will continue to apply, which may include certain fees and charges.

Upon finalisation of your termination request, FIIG will no longer operate or maintain your Funding Account and will therefore notify the Funding Account Provider that FIIG's authority has been terminated. FIIG will use best endeavours to arrange for your complete online access to this account within ten (10) Business Days of receipt by FIIG of a completed Managed Income Portfolio Service Withdrawal or Termination Form and other form/s as required by Macquarie from time to time.

### Allocation of Investments

When seeking to transact FIIG anticipates that there may be times where:

1. demand for a particular fixed income security in relation to Managed Income Portfolio Service clients exceeds the available supply at the relevant time and price; or
2. supply of a particular fixed income security held in clients' Managed Portfolio Accounts exceeds the demand at the relevant time and price.

FIIG maintains a policy as to how it will determine allocations between Managed Income Portfolio Service clients in these circumstances.

### Compliance with Investment Program

The parameters of your Investment Program apply only at the time each Investment is made or entered into. If your Managed Portfolio Account ceases to comply with your Investment Program limits after an Investment is made (e.g. because of changes in value of assets within your portfolio), such change will not constitute non-compliance with your Investment Program or a breach of the MIPS Contract. In these circumstances, FIIG will use its reasonable endeavours to rebalance your portfolio to ensure it satisfies the parameters of your chosen Investment Program as soon as is reasonably practicable after becoming aware of the imbalance. A rebalance in these circumstances might include selling investments.

# Risks

## Overview

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There are a number of risks associated with investing in a Managed Portfolio Account and using the Managed Income Portfolio Service and it is important you understand the risks that can affect your investments. Set out on the following pages are some of the significant risks associated with using the Managed Income Portfolio Service and your Investment in a Managed Portfolio Account. The risks described are

not exhaustive and FIIG cannot eliminate all risks nor guarantee that the methods FIIG may use will be successful in managing the risks.

Before investing in a Managed Portfolio Account you need to give consideration to your own objectives, your financial situation and needs, and the level of risk you are prepared to accept.

Your decision to invest in a Managed Portfolio Account using the Managed Income Portfolio Service might be influenced by:

- o the period of time you are looking to invest; whether you need capital growth on your Investment, are seeking capital preservation and/ or require a regular income;
- o whether you would prefer to make specific self-directed Investment decisions; and
- o how the risks associated with an Investment in a Managed Portfolio Account interact with your other investments.

As the risks noted in this MIPS Information Memorandum do not take into account your particular circumstances, objectives, financial situation or needs, you should consider taking

the following steps before making a decision about investing or reinvesting in a Managed Portfolio Account:

- o obtain professional advice to determine if the Managed Income Portfolio Service and Investment Program suit your particular investment objectives, financial situation and needs; and
- o regularly review your Investments in light of your particular Investment objectives, financial situation and needs.

There is no guarantee of the Performance of the investments within the limits or guidance of the Investment Program. Investing in a Managed Portfolio Account may result in a part or total loss of capital invested.

RISK	DETAILS
General Risk	In general, cash and fixed income securities can provide greater certainty in income flows and can offer greater capital price stability than alternative investments, such as shares and property. However, there are a number of risks associated with investing in fixed income securities that can result in significant variability in investment returns and a loss of income or capital value.
Credit Risk	Credit risk is the risk of loss incurred when the issuer of a Bond or other security fails to meet their principal, interest or other obligations when they are due. In these circumstances the security can lose some or all of its value.
Capital Risk	Capital risk refers to the possibility of losing all or part of your capital invested. The level of capital risk varies depending on which investments you hold in your Managed Portfolio Account(s). In general, holding a diversified, well-rated portfolio of Bonds which sit higher up the capital structure will lessen your capital risk.
Liquidity Risk	Liquidity refers to the ease with which an asset can be traded (bought and sold) in the marketplace at its current value. Some fixed income securities can be more liquid than others, with lower rated structured Bonds generally being less liquid than higher rated vanilla Bonds. An asset subject to liquidity risk may be more difficult to trade and it may take longer for the full value of the asset to be realised (if it can be realised at all).
Market Risk	Market risk is the risk that the value of the assets in your Managed Portfolio Account will decrease due to movements in markets caused by factors such as the movement of cash rates, outright interest rates, interest rate curves, credit spreads, the stock market, political and economic climate, legal and tax conditions, commodity prices and environmental events.

RISK	DETAILS
Regulatory and Business Risk	Changes in corporate, taxation or other relevant laws, regulations or rules may adversely impact your Investment. For example, such changes may adversely affect the ability to execute certain Investment strategies, which could have a material effect on Performance. The laws affecting unregistered managed investment schemes and managed discretionary accounts may also change in the future.
Concentration Risk	Concentration risk relates to the risk that a portfolio of assets may experience a higher level of volatility or loss when exposed to a smaller number of investments. The Investment Programs have limits as to the minimum number of Bonds your Managed Portfolio Account(s) will hold.
Subordinated Debt Risk	Each Investment Program has limits on the amount of subordinated exposure it can take. In the event of a default, subordinated debt will generally recover less capital and income than senior debt thus increasing the size of your loss should a Bond default.
Volatility Risk	Volatility risk refers to the potential for the price of securities in your Managed Portfolio Account(s) to vary, sometimes markedly and over a short period of time. The value of your portfolio at any time will be subject to market movements.
Investment Manager Risk	Manager risk is the risk that the Investment Manager or Investment strategy relating to an Investment Program underperforms as a result of negative factors impacting the Portfolio Manager's ability to appropriately manage the Managed Portfolio Account according to the agreed Investment Program objectives. These factors include, but are not limited to, the loss of key staff and inadequate portfolio management systems.
Interest Rate Risk	Movements in domestic and international interest rates may cause the value of your Investment to decline.
Operational Risks	The risk of loss resulting from inadequate or failed internal processes, people and systems. Adverse impacts may arise internally through human error, technology or infrastructure changes, or through external events such as third-party failures or crisis events.
Early Withdrawal and Termination Risk	Unless you have provided notification of a withdrawal or termination in relation to your Managed Portfolio Account(s), your portfolio will be managed on the basis that you will continue to invest in the Investment Program(s) for the long term. Should you seek a withdrawal or termination of your Managed Portfolio Account(s), FIIG will seek to satisfy your request in accordance with the procedures outlined in the Investment Management Agreement. This may result in you receiving less back than you would if you held your investments until their maturity date.
Counterparty risk	Counterparty risk is the risk of loss due to a counterparty not honouring a financial commitment, which may cause the value of your Managed Portfolio Account(s) to fall. Counterparties include custodians, dealers, sellers, buyers, brokers, settlement houses, issuers of fixed interest securities, banks and other Authorised Deposit-taking Institutions.



RISK	DETAILS
Inflation Risk	The real value of the investments in, and income earned on, your Managed Portfolio Account(s) may reduce over time as a result of inflation.
Portfolio Establishment Risk	It may take time for your Managed Portfolio Account(s) to become fully invested. During the initial deployment of the amounts you invest in your Managed Portfolio Account(s), your portfolio may not be diversified in line with the limits outlined in your Investment Program(s) and be subject to greater volatility than once your Investments are fully deployed.
Delay in the reinvestment of income	<p>If you instruct FIIG to reinvest income earned on your Managed Portfolio Account(s), it may take time for this income to be reinvested. For instance, delays to reinvesting may arise if:</p> <ul style="list-style-type: none"> <li>○ there are insufficient funds in your Funding Account(s) to meet the minimum Investment size for a particular fixed income security; or</li> <li>○ there is a lack of market liquidity, which causes delays in FIIG identifying a suitable Investment opportunity.</li> </ul> <p>Such delays may cause your income to remain in your Funding Account(s) where it may earn less interest than if it were invested in accordance with your Investment Program(s).</p>
Conflict of interests risk	FIIG performs a number of roles in relation to your Managed Portfolio Account(s), and these roles raise a number of conflicts of interest for FIIG in relation to the Managed Income Portfolio Service. If FIIG's arrangements for managing these conflicts of interest (described in Section 7) are inadequate, the returns on your Managed Portfolio Account(s) could be adversely affected.
Valuation	As set out in Section 4, FIIG's methodology and the calculation of the value or price of the securities or fixed income investments included in your Managed Portfolio Account(s) are subject to market changes and change without notice to you and may vary from the actual market price available to transact in these securities from time to time. FIIG does not make a market in these securities, and does not guarantee or represent the accuracy or reliability of the valuation or pricing as set out in Section 4, which may be obtained by FIIG from external sources.



# Fees

This section outlines the fees and expenses you will incur when investing in a Managed Portfolio Account. Fees and expenses will be deducted directly from your Funding Account(s) associated with your Investment Program(s).

Should you have insufficient funds in your Funding Account(s) to pay all fees and expenses, FIIG is entitled to deduct such fees and expenses from income payments (including interest and coupons) received in connection with your Managed Portfolio Account(s), or to sell assets held in your Managed Portfolio Account(s) and to apply the proceeds to cover these amounts.

### Management Fee

The Management Fee is:

- o 0.65% p.a. (inclusive of GST) for the Conservative Income and Core Income Investment Program
- o 0.85 % p.a. (inclusive of GST) for the Income Plus Investment Program
- o By agreement for a Customised Investment Program.

The Management Fee is calculated daily on the value of the investments in each of your Managed Portfolio Account(s) and charged monthly in arrears.

Amounts held in your Funding Account(s) will be included in FIIG's calculation of the Managed Portfolio Account balances and therefore Management Fees will also be charged on these amounts for each Investment Program.

### Custody and Administration Fee

The Custody and Administration Fee is calculated daily on each of your Managed Portfolio Account balances and charged monthly in arrears. The Custody and Administration Fee is as follows:

- o 0.20% p.a. for the first \$500,000
- o 0.14% p.a. for the next \$1.5m
- o 0.09% p.a. for the next \$3m
- o 0.06% p.a. for amounts over \$5m.

Amounts held in your Funding Account(s) will be included in FIIG's calculation of the Managed Portfolio Account values and therefore Management Fees and Custody and Administration Fees will be charged on these amounts.

Refer to "Asset Valuation" in Section 4 for an explanation of how the value of the investments in your Managed Portfolio Account(s) are determined.

### Expenses

FIIG is entitled to be reimbursed for any third-party expense incurred in managing your Managed Portfolio Account(s) including (but not limited to) all taxes, charges, fees and expenses in connection with buying, selling or holding investments.

For clarity, this does not include expenses incurred by FIIG in its capacity as the counterparty (acting as principal) to transactions entered into for your Managed Portfolio Account(s).

FIIG will bear the cost of the sub-custodian's fees in respect of your Managed Portfolio Account(s). That is, these amounts will not be charged to your Funding Account(s).

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# Conflicts of Interest

FIIG is acutely aware of the inherent conflicts of interest and has established a number of procedures to effectively manage these conflicts to address the interests of our clients.

FIIG performs a number of roles in relation to your Managed Portfolio Account(s) including:

- o acting as Portfolio Manager with Investment discretion over your fixed income investments;
- o acting as custodian for your Investments; providing dealing services under which FIIG
- o transacts with your Managed Portfolio Account(s) as principal (i.e. it will buy Bonds from, and sell Bonds to, your Managed Portfolio Account(s));
- o acting on behalf of multiple Managed Portfolio Account holders when transactions occur where a Managed Portfolio Account is selling a fixed income security and another Managed Portfolio Account is buying that fixed income security (i.e. acting on behalf of both the seller and buyer of Bonds); and
- o acting as the arranger or distributor for Bonds invested in by your Managed Portfolio Account(s).

These roles raise a number of conflicts of interest for FIIG in relation to the Managed Income Portfolio Service.

When you sign a Managed Portfolio Account Application Form, you acknowledge disclosure of FIIG's conflicts of interest and give your informed consent to FIIG to act on your behalf notwithstanding the conflicts of interest.

### FIIG Principal Dealing

FIIG will (as principal) sell Bonds to, and buy Bonds from, your Managed Portfolio Account(s). These transactions will be managed for your Managed Portfolio Account(s) by your Portfolio Manager, who will be a FIIG employee. Under these principal transactions, FIIG acts (in a principal capacity) as the counterparty, that is, the seller or purchaser of the Bonds that are bought or sold by your Managed Portfolio Account(s).

Given this dual capacity, conflicts of interest arise in relation to FIIG's principal dealing with your Managed Portfolio Account(s), which are managed as set out below.

#### Price negotiation by the Portfolio Manager

The price you pay for a Bond when buying (and receive when selling) is the result of negotiation between the Portfolio Manager and a seller (or buyer) of the Bond. For each transaction a "base price" will be determined. The base price will form the maximum price (for purchases of Bonds by your Managed Portfolio Account) and the minimum price (for sales of Bonds by your Managed Portfolio Account) at which your Managed Portfolio Account will transact with FIIG. In each case, the Portfolio Manager might negotiate a price with FIIG that is as favourable or more favourable to you than the base price.

The basis for determining the "base price" will depend on whether the Portfolio Manager:

- o sources a price for the Bond from a third-party dealer, which can be executed by FIIG (including, but not limited to, executed at that price in the required parcel size); or
- o sources a valuation for the Bond from an independent third party fixed income pricing provider.

#### Third-party pricing and dealing

Where a price is sourced from a third-party dealer and FIIG can execute the trade (including, but not limited to, execute the trade at that price in the required parcel size), this price will determine the maximum price your Managed Portfolio Account will pay for a Bond, or where you are selling a Bond, the minimum price you will receive. The Portfolio Manager might deal directly with the third-party dealer or might negotiate a price (that is more favourable to you) with FIIG.

You can obtain full details of the process that will be used to calculate the base price for transactions undertaken by your Managed Portfolio Account by contacting FIIG.

#### Third-party fixed income pricing provider

Where a price for a Bond is not sourced from a third-party dealer or FIIG cannot execute the trade

(including, but not limited to, execute the trade at that price in the required parcel size), your Managed Portfolio Account will transact with FIIG and the base price will be determined by either:

- o FIIG sourcing a previous day close valuation from a reputable independent third-party fixed income pricing provider, using the offer when purchasing a Bond and the bid when selling a Bond, and adjusting the previous day close valuation once per day for the following:
  1. All Bonds: Interest rate adjustments to take into account movement in interest rates from the previous day close valuation; and
  2. Investment grade Bonds only: in addition to the above interest rate adjustments, credit spread adjustments to take into account movements in credit spreads from the previous day close valuation.
- o FIIG sourcing a valuation from a reputable independent third-party fixed income pricing provider once per day, using the offer when purchasing a Bond and the bid when selling a Bond, which takes into account the previous day close valuation as well as the interest rate and credit spread adjustments described above. This price is referred to as the "Adjusted Previous Close Price".

In these circumstances, the base price for your Managed Portfolio Account to transact with FIIG will be:

- o for purchases of Bonds by your Managed Portfolio Account from FIIG, the Adjusted Previous Close Price, plus a buffer (generally 0.5% of the Adjusted Previous Close Price); and
- o for sales of Bonds by your Managed Portfolio Account to FIIG, the Adjusted Previous Close Price, minus a buffer (generally 0.5% of the Adjusted Previous Close Price) and therefore the Portfolio Manager will not negotiate the price

Circumstances in which the buffer can exceed 0.5%

In the event of exceptional circumstances, as reasonably determined by the Portfolio Management Committee, the Portfolio Manager may, with the prior approval of the Portfolio Management Committee, increase the buffer above 0.5%. Exceptional circumstances may include, but are not limited to, unusual market conditions, extreme market

conditions, or unanticipated events affecting the issuer of the Bond.

Some more specific examples of exceptional circumstances may include:

- o release of market-sensitive information relating to a Bond (or its issuer) that is expected to have a material impact on the price and/or volatility of the Bond; or
- o a material and fundamental change in the operating environment (including the release of information relating to regulatory, tax or policy changes) such as abnormal volatility in financial markets including interest rate and credit spread volatility.

FIIG considers that the ability to increase the buffer in these circumstances is important to enable the Portfolio Manager flexibility to act in what it considers to be in accordance with the Investment Program in all market conditions. For example, the Portfolio Manager might consider that your Managed Portfolio Account should act quickly to liquidate a position in the event of an adverse announcement concerning the issuer of the relevant Bond. In these circumstances, such liquidation might only be available if the buffer is able to exceed 0.5%.

If the Portfolio Management Committee approves raising the buffer above 0.5% for any transaction by your Managed Portfolio Account, FIIG will advise you as soon as is reasonably practical.

Impact of price limitation

Maximum and minimum price limitations may prevent the Portfolio Manager from being able to execute deals. In such circumstances the Portfolio Manager may seek variation to the price limitations by consulting you and seeking your approval.

Circumstances in which variation of price imitation rules may be sought, include, but are not limited to a change in the:

- o micro-economic circumstances that is expected to specifically impact an issuer; and
- o macro-economic or regulatory environmental circumstances that is expected to impact more than one issuer.

FIIG considers that the ability to increase the buffer in these circumstances is important to enable the Portfolio Manager flexibility to act in accordance

with the relevant Investment Program in all market conditions.

Transactions between two Managed Portfolio Accounts of the Managed Income Portfolio Service

FIIG may arrange transactions where a Managed Portfolio Account is selling a Bond and another Managed Portfolio Account is buying that Bond. In this case, FIIG acts as the principal to each of the trades and the actual price transacted, will be the mid-point between the base price for purchases of the Bond and the base price for sales of the Bonds as described above.

### Audit of base price calculations

Each year, FIIG will engage an independent accounting firm to perform an audit and issue a report in connection with assisting FIIG to assess whether the base prices determined by FIIG, were determined in accordance with the requirements of this Information Memorandum. The nature of the audit engagement may include, but is not limited to, any one or more of the following: an agreed-upon procedure engagement, a controls attestation engagement, a compliance attestation engagement, a consulting engagement, or any other type of engagement as determined by FIIG.

### Portfolio turnover

FIIG's Audit, Risk and Compliance Committee (ARCC) monitor the turnover of each Managed Portfolio Account. See below for more details about the role and responsibilities of the ARCC.

### FIIG Arranged Bonds

FIIG carries on a business of sourcing, structuring, arranging and distributing new Bonds and securities issued by various corporations or entities ('FIIG Arranged Bonds'). FIIG earns fees from the Bond issuer for providing this service and may act as the custodian on behalf of holders of these Bonds.

FIIG Arranged Bonds may also be subject to secondary market trading activity by FIIG from time to time. FIIG faces conflicts of interest in relation to a Managed Portfolio Account investing in FIIG Arranged Bonds because FIIG's interests might be advanced by causing a Managed Portfolio Account to acquire a FIIG Arranged Bond (for example, FIIG's fees might be increased if more of its clients acquire

a FIIG Arranged Bond, and/ or its reputation might be enhanced by ensuring a successful capital raising, with strong pricing).

In these circumstances, FIIG's interests conflict with your interests in a Managed Portfolio Account.

You should be aware that for a limited number of Bonds (including FIIG Arranged Bonds) FIIG may be the major dealer in a Bond. As a consequence, the valuation for such Bonds may be influenced by the Bond prices supplied by FIIG to the independent provider of fixed income valuations.

Managed Portfolio Accounts are eligible to participate in the new issue or secondary trading of a FIIG Arranged Bond subject to the limits stated in the relevant Investment Program. Refer to Section 3 for the specific limits applying to each Investment Program.

For Customised Investment Programs you will be required to instruct FIIG of the maximum percentage of your Managed Portfolio Account that may be held in FIIG Arranged Bonds. FIIG also manages these conflicts of interest through the Governance and separation arrangements described below.

Managed Portfolio Accounts may share in or receive the fees or revenue earned by FIIG and benefit from participating in any FIIG Arranged Bonds purchased on issue at the discretion of FIIG (as negotiated by the Portfolio Manager and the FIIG Origination team).

### Distributor of non-FIIG Arranged Bonds

FIIG acts as the distributor of new issues of financial products arranged by third parties, whereby FIIG will be paid a fee by the originator or arranger. In these instances the fee payable differs with each issue. The level of fee will be disclosed in the disclosure document for the issue and is likely to be between 0.25% and a maximum of 3.00% of the amount invested.

FIIG faces conflicts of interest in relation to a Managed Portfolio Account investing in FIIG distributed Bonds because FIIG's fees might be increased by causing a Managed Portfolio Account to acquire a FIIG distributed Bond. FIIG manages these conflicts of interest through the Portfolio Manager separation arrangements described below.

### Governance and Separation

The Portfolio Manager and portfolio management team responsible for the day-to-day management of your Managed Portfolio Account(s), including making Investment decisions, is a separate FIIG division from any FIIG business unit that may sell, buy, issue or arrange financial products that may be held in your Managed Portfolio Account(s), including:

- o the FIIG Origination team, which is responsible for arranging the issue of FIIG Arranged Bonds;
- o the FIIG Research team;
- o the FIIG Facilitation team, which is responsible for dealing as a counterparty to your Managed Portfolio Account(s) in some circumstances (e.g. where independent third party buyer or seller is not sourced); and
- o FIIG Relationship Managers, who provide direct clients with fixed income dealing services.

FIIG maintains separation of its MIPS business unit and its Facilitation and sales business units, which include:

- o separate personnel being members of each team (i.e. an individual FIIG employee (other than a Division Head) cannot perform functions across multiple teams);
- o physical separation between teams;
- o information barriers between teams; and
- o separate reporting lines, to ensure that the Portfolio Manager for your Managed Portfolio Account does not report to managers of other conflicting teams (i.e. the FIIG Facilitation team, or the FIIG Origination team).
- o a clear remuneration policy that does not directly or specifically reward a Portfolio Manager in MIPS for activities or profits of the other business units.

### Audit, Risk and Compliance Committee(ARCC)

The ARCC is charged with oversight of the compliant operation of the Managed Income Portfolio Service. The ARCC is comprised of Directors including Non-Executive Directors of FIIG or FIIG Holdings Limited who meet quarterly.

Specific responsibilities of the ARCC include, but are not limited to:

- o supervision and review of the ongoing compliance and performance by FIIG according to the terms of

the MIPS Contract;

- o review of compliance of Managed Portfolio Accounts with their Investment Programs;
- o review of portfolio turnover; and
- o review of Independent Audit reports.

### Portfolio Management Committee

FIIG has established a Portfolio Management Committee to oversee and support the Portfolio Manager. The Portfolio Management Committee members are FIIG employees. Specific responsibilities of the Portfolio Management Committee include:

- o formalising, endorsing and overseeing all risk management processes and protocols;
- o acting as an escalation forum in the event of material financial events;
- o providing a consultative forum for the Portfolio Manager, providing guidance and input to portfolio strategies and ideas;
- o approving the addition of new types of products to the Approved Product List; and
- o reasonably determining the existence of exceptional circumstances and, in exceptional circumstances, approving an increase in the buffer above 0.5% as outlined above in Circumstances in which the buffer can exceed 0.5%.

### Commissions FIIG pays

To the extent permitted by law, FIIG may agree to pay commissions to your referrer, including Relationship Managers in other business units. These payments may be upfront, or ongoing "trail" commissions. The commissions are paid to your referrer at FIIG's sole discretion and will be paid out of FIIG's assets and will not represent an additional cost to you.

### Referral Scheme

FIIG may pay a referral fee to external parties or employees upon referring clients to MIPS. This referral fee is paid to your referrer at FIIG's sole discretion and will be paid out of FIIG's assets and will not result in additional costs to you.



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# General Information

### Portfolio Manager, Administration and Custodian

FIIG is the Portfolio Manager, administrator and custodian for your Managed Portfolio Account(s). FIIG has appointed JPMorgan as sub-custodian for the Managed Income Portfolio Service.

### No personal advice

FIIG does not provide any personal advice to clients in relation to MIPS.

Any financial product advice that FIIG provides in relation to the Managed Income Portfolio Service will be general advice only and will not take into account your objectives, financial situation or needs.

### Wholesale Clients only

The Managed Income Portfolio Service and Managed Portfolio Accounts are only available to 'wholesale' clients as defined by s761G, and 'sophisticated investors' as provided for in s761GA, of the *Corporations Act 2001 (Cth)*.

### Auditor

FIIG appoints a suitably qualified independent auditor to undertake regular GS007, financial and compliance audits for MIPS, as well as reviewing:

- o the assets have been valued, in all material respects, in accordance with the Information Memorandum; and
- o that bond pricing methodologies and processes have been applied, in all material respects, in accordance with the Information Memorandum.

Details of the auditor are available on request.

### Privacy

FIIG has created a Privacy Policy and Collection Statement ('Privacy Policy') in order to demonstrate FIIG's firm commitment to your privacy. FIIG is bound by the Privacy Act 1988 and the Australian Privacy Principles.

FIIG will update the Privacy Policy as required. If it is changed, the changes will be included in FIIG's Financial Services Guide and posted on [www.fiig.com.au](http://www.fiig.com.au) so that you are always aware of the sort of information collected, how the information may be used, and under what circumstances it may be disclosed by FIIG.

Please note that if at any time FIIG is required by law to release information about you or your

organisation, FIIG must cooperate fully. This Privacy Policy does not apply to acts or practices of FIIG that are directly related to employee records of current or former employees.

What sort of information does FIIG collect?

The personal information FIIG collects includes (but is not limited to) your name, address, contact details including email address, tax file number, any transactions carried out by you through FIIG or pursuant to services provided by FIIG and banking details.

FIIG collects information about you ('Information') in the following ways:

- o FIIG collects Information about you when you or your agent perform transactions with FIIG, or with third parties when FIIG is acting in its capacity as a fixed income dealer and during the course of FIIG providing you with its services in its capacity as a licensed dealer in financial products, provision of managed discretionary services and custodian.
- o FIIG collects Information about you when you send FIIG an email, namely, your email address and any other personal information which you disclose in your email.
- o FIIG collects Information about you when you register on FIIG's website [www.fiig.com.au](http://www.fiig.com.au).
- o This may include registration to attend a FIIG event, download a FIIG publication or register for FIIG's weekly e-newsletter "The WIRE". If you do not wish to receive further information and marketing materials from FIIG, you can opt out at any time by selecting "unsubscribe" included in all communication received from FIIG; and
- o FIIG collects Information about you when you register as a client of FIIG either by telephone, written communications, email or on FIIG's website: [www.fiig.com.au](http://www.fiig.com.au).

What happens if you do not provide the Information?

If you do not supply sufficient personal information to FIIG, FIIG may not be able to carry out your instructions to perform transactions in relation to financial products or FIIG's other services, to ensure that the financial products and money due to you is able to be transferred to you, or to provide you with information arising out of your business relationship with FIIG.

Why does FIIG collect the Information and how is your Information used by FIIG?

FIIG collects the Information to provide you with FIIG's services as a licensed dealer in financial products, provider of managed discretionary services and custodian. For example, FIIG may use the Information you provide to us to comply with your instructions relating to transactions in financial products. FIIG also uses the Information to send you information (either by email or post) that you request, for example, contract notes, trade confirmations and "The Wire". If at any time you receive material that you did not request, or do not want to receive such material any more, please inform us by correcting and updating your profile as discussed below.

Who does FIIG disclose personal information to?

FIIG will not sell, rent, trade or otherwise supply to third parties any personal information obtained from you unless you consent. FIIG will supply to third parties (for example financial institutions) personal information obtained from you in order to carry out transactions in financial products which you have instructed us to perform.

FIIG may develop aggregate (that is, not individual) reports which incorporate some of the Information. The reports are for use by FIIG and its business partners, however, these reports do not include any personally identifiable information.

Insofar as FIIG contracts with a service provider to assist in recording or storing all personal information, FIIG will ensure that any such service provider has the same level of privacy and confidential commitment which FIIG agrees to maintain with you as its client.

FIIG may need to disclose your personal information to overseas recipients. The most common reason for FIIG disclosing information overseas is because FIIG uses service providers to perform some functions on its behalf, and some of these service providers are located overseas. These service providers perform technology services and are located in the United Kingdom. Service providers may transfer personal information inside of and outside of the European Economic Area. You will be required to consent to this overseas disclosure in the MIPS Contract and your Managed Portfolio Account Application Form.

In consenting to the disclosure of your personal information to overseas recipients you understand:

- Overseas recipients will not be accountable under the Privacy Act and you will not be able to seek redress under the Privacy Act where the overseas recipient handles your personal information in breach of the Australian Privacy Principles.
- Overseas recipients may not be subject to any privacy obligations or to principles similar to the Australian Privacy Principles.
- You may not be able to seek redress in the overseas jurisdiction.
- Overseas recipients are subject to foreign laws that could compel the disclosure of your personal information to a third party, such as an overseas authority.

How will FIIG keep your personal Information secure?

FIIG has security measures in place designed to protect against the loss, misuse or alteration of the Information under its control. These security measures are as follows:

- Access to the Information by employees of FIIG is restricted to those employees who are required to access the Information in order to carry out your instructions in relation to transactions in financial products.
- FIIG has clauses in employee contracts requiring confidentiality of FIIG's clients and the Information.
- FIIG may store your personal information in hard copy form or electronically and maintains physical security, such as locks and monitored alarm systems, over its premises. FIIG also utilises secure data centres, technology, firewalls and other sophisticated security measures such as intrusion detection and prevention systems (IDS/IPS) and passwords to maintain and control the security of our computer network.
- Any service providers which FIIG engages will be required to adopt the same type of security measures as above to ensure the privacy and confidentiality of your personal information.

#### Correcting and updating your profile

FIGG gives you the following options for accessing and modifying Information previously provided:

- you may gain access to Information that FIGG has collected about you, by contacting the person named below. We will not charge you for responding to such a request, unless we incur costs in providing the Information;
- you may contact the person named below, by telephone, written communications, or email to notify FIGG of the necessary corrections or updates to the Information.

#### Privacy complaint

If you wish to complain about any breach of this Privacy Policy or the Australian Privacy Principles, you should contact FIGG by any of the methods detailed below. Complaints will be responded to within three (3) Business Days. Where we cannot respond to a complaint within three (3) Business Days we will notify you of the reason for the delay and provide an indication of when we expect to respond.

#### Contact

If you have any questions about the Privacy Policy, you should contact:

#### Legal and Compliance

FIGG Securities Limited  
Level 31, 1 Eagle Street  
Brisbane QLD 4000

Telephone: +61 7 3231 6666  
Facsimile: +61 7 3231 6699  
Email: [compliance@figg.com.au](mailto:compliance@figg.com.au)



# Tax

## Taxation information

### Australian taxation

Australian taxation law is complex and the impact of that law on you may vary according to your individual circumstances. Further, the treatment of your investments can also be subject to tax risk on the basis that taxation laws and relevant administrative practices are subject to change, possibly with retrospective effect.

Investment decisions you make (including in relation to the Managed Income Portfolio Service) may have tax and stamp duty consequences. The particular tax implications (and their impact on you) will depend on your individual circumstances. You are responsible for all such consequences that arise in connection with your assets, including those held in your Managed Portfolio Account(s).

Generally, you will be liable to pay tax on any assessable income that arises in relation to the disposal of assets or otherwise in respect of those assets, and on interest and income from your investments during the financial year (even if the income is reinvested). This assumes that you can treat yourself as being directly taxable in respect of all income or gains attributable to the assets and that you have an absolute, indefeasible entitlement as against the Custodian. The relevant law in this area is complex and the Australian Taxation Office (ATO) has a current practice of not seeking to disturb the position of ignoring custody arrangements consisting of bare trusts (except where the trustee would have an obligation to withhold or is otherwise liable to pay tax in respect of you).

In all cases, FIIG recommends that you seek professional tax advice appropriate to your circumstances before you choose to invest through the Managed Income Portfolio Service. FIIG does not provide tax advice and is not a registered tax agent or tax (financial) advisor, nor are any of FIIG's staff or authorised representatives.

It is not compulsory for you to quote your Tax File Number (TFN). FIIG is authorised to collect TFNs under taxation law and the Privacy Act, and those laws also regulate use and disclosure of TFNs.

In order to open your Managed Portfolio Account(s), FIIG requires you to quote your TFN or ABN in the relevant section of the Managed Portfolio Account Application Form.

By supplying your TFN or ABN, you authorise FIIG to apply it to all investments made through the Managed Income Portfolio Service on your behalf.

### Common Reporting Standard (CRS)

FIIG reports financial account information on non-residents to the ATO annually, in accordance with Australian CRS legislation. The ATO then exchange this information with the participating foreign tax authorities of those non-residents.

### US Foreign Account Tax Compliance Act (FATCA)

FIIG is registered as a Reporting Australian Financial Institution under the Inter-Governmental Agreement (IGA) in relation to FATCA.

FIIG will conduct due diligence on investors to comply with the FIIG's obligations under the IGA. Prospective investors will need to provide FIIG with certain information and/or documentation when applying for a Managed Portfolio Account and existing investors may need to provide FIIG with certain information and/or documentation on request.

FIIG will report information in respect of certain investors and their Managed Portfolio Account to the ATO. Broadly, FIIG will report to the ATO information in respect of investors who are U.S. citizens or residents, certain types of U.S. entities or certain types of non-U.S. entities that are controlled by one or more U.S. citizens or residents, and will also report information to the ATO on any payments made to "Non-participating Financial Institutions", as defined in the IGA. If an investor does not provide FIIG with the required information and/or documentation upon request, FIIG may be required to report information in respect of that investor and its Managed Portfolio Account to the ATO. In accordance with the IGA, the ATO will share information reported to it by Reporting Australian Financial Institutions (as defined in the IGA) with the U.S. Internal Revenue Service.

Investors should consult with their tax adviser for further information on how FIIG's due diligence and reporting obligations under the IGA may affect them.

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# MIPS Contract

Your MIPS Contract with FIIG comprises:

- o the Investment Management Agreement set out below;
- o the Client Custody Agreement (the terms of which may be downloaded at [www.fiig.com.au/custody/terms](http://www.fiig.com.au/custody/terms)); and
- o your Managed Portfolio Account Application Form. Your Managed Portfolio Account Application Form will also serve as the FIIG Client Account Application Form for the purposes of your Client Custody Agreement.

### Investment Management Agreement

THIS AGREEMENT is made on the date specified in the Managed Portfolio Account Application Form.

Parties: You and FIIG

You or you: The person identified as the client in the Managed Portfolio Account Application Form

FIIG:

Name FIIG Securities Limited  
 ABN 68 085 661 632

Address Level 31, 1 Eagle Street,  
 Brisbane, Queensland

## 1. DEFINITIONS AND INTERPRETATION

### 1.1. Definitions

The following definitions apply in this Agreement and in the MIPS Information Memorandum, unless the context requires otherwise:

“ADI” means an Approved Deposit-taking Institution.

“Adviser Service Fee” means the fee payable to your Adviser as set out in Schedule 1.

“Agreement” means this investment management agreement.

“Approved Product List” means the list of Investments that may be held in your Managed Portfolio Account, according to your Investment Program. Examples of Investments include cash, negotiable certificates of deposit, term deposits, bank bills and Bonds.

“Attorney” has the meaning set out in clause 8.

“Austraclear” provides depository, registration, cash transfer and settlement services for debt instrument securities in financial markets in Australia and the Asia-Pacific region.

“Australian Financial Services Licence” or “AFSL” means a licence under section 913B of the *Corporations Act 2001* that authorises a person who carries on a financial services business to provide financial services.

“Bond” includes:

- (a) corporate bonds (secured, unsecured, senior, subordinated and/or guaranteed)
- (b) government and semi-government bonds;
- (c) index-linked bonds;
- (d) asset backed securities (e.g. Residential and Commercial mortgage backed securities, and other loan receivables); and
- (e) structured credit products.

“Business Day” means a day other than a Saturday, Sunday or New South Wales public holiday.

“Client Custody Agreement” means the Client Custody Agreement the terms of which can be downloaded at [www.fiig.com.au/custody/terms](http://www.fiig.com.au/custody/terms).

“Commencement Date” has the meaning set out in clause 2.

“Conservative Income Investment Program” means the Investment Program the investment objectives and parameters for which are set out in section 3.1 of the MIPS Information Memorandum.

“Core Income Investment Program” means the Investment Program the investment objectives and parameters for which are set out in section 3.2 of the MIPS Information Memorandum.

“Custodian” means a corporation holding an appropriate AFSL appointed by you (with the approval of FIIG) as custodian of the whole or part of the Managed Portfolio Account. The initial Custodian will be FIIG, appointed on the terms of the Client Custody Agreement.

“Custody and Administration Fee” means the custody and administration fee set out in Schedule 1.

“Customised Investment Program” means an Investment Program the terms of which are specified in section 12 of your Managed Portfolio Account Application Form or an Instruction given under clause 6.2.

“Deposit” has the meaning set out in clause 8(a).

“Euroclear” is a clearing house for securities traded in the Euromarket and specialises in the settlement of securities transactions as well as the safekeeping and asset servicing of these securities.

“Fee” means any fee payable by you to FIIG or any other party in accordance with Schedule 1.

“FIIG” means FIIG Securities Limited, ACN 085 661 621.

“FIIG Arranged Bond” means a Bond for which FIIG has acted as lead arranger.



“FIIG Client Trust Account” means the trust account (if any) held in FIIG’s name in connection with your Managed Portfolio Account.

“FIIG Group” means FIIG and each of its related bodies corporate from time to time, as that term is defined in the Corporations Act 2001.

“Funding Account” means an at-call cash management account with Macquarie Bank Limited ABN 46 008 583 542 (or a replacement bank selected by FIIG) in your name, or in the name of FIIG or the Custodian, which serves as the cash hub and administration account in connection with a particular Investment Program. For clarity, the Funding Account could be a FIIG Client Trust Account and there must be one Funding Account per each of your Investment Programs.

“GST” means any goods and services tax, consumption tax, value-added tax or any impost or duty which is or may be levied or becomes payable in any jurisdiction in connection with the supply of goods or services.

“IGA” means the Inter-Governmental Agreement between the Australian and US governments relating to FATCA.

“Income Plus Investment Program” means the Investment Program the investment objectives and parameters for which are set out in section 3.3 of the MIPS Information Memorandum.

“Information” means any information obtained from or derived through extraction, selection, manipulation or processing of any information or data provided to you in connection with your Managed Portfolio Account.

“Instruction” means any written instruction, direction, demand or request made or given in accordance with clause 6 and “Instruct” has a corresponding meaning.

“Investment” means an investment held or to be held in your Managed Portfolio Account.

“Investment Management Agreement” means this investment management agreement.

“Investment Program” means the investment program for your Managed Portfolio Account, being one of the following:

- (a) the Conservative Income Investment Program;
- (b) the Core Income Investment Program;
- (c) the Income Plus Investment Program; or
- (d) a Customised Investment Program, as specified by you in section 9 of your Managed Portfolio Account Application Form or an Instruction given under clause 6.2.

“Management Fee” means the management fee set out in the Schedule 1.

“Managed Income Portfolio Service” means the managed income portfolio service that FIIG provides which is governed by the MIPS Contract.

“Managed Portfolio Account” means your portfolio of Investments managed by FIIG under the Managed Income Portfolio Service (under a particular Investment Program), and includes your Funding Account.

“Managed Portfolio Account Application Form” means the application form accompanying the MIPS Information Memorandum to be completed in order to apply

to invest through the Managed Income Portfolio Service as varied by any subsequent Managed Portfolio Account Change of Details form.

“Minimum Investment Amount” means \$500,000 per Investment Program, or \$5 million for a Customised Investment Program, or, in each case, such lesser amount as FIIG may agree. FIIG may vary the Minimum Investment Amount by notice to you.

“MIPS Contract” means the agreements governing your Managed Income Portfolio Service, comprising this Agreement, the Client Custody Agreement and the Managed Portfolio Account Application Form.

“MIPS Information Memorandum” means the FIIG Managed Income Portfolio Service Information Memorandum, which accompanies this Agreement.

“Modified Duration” means a measure of the price sensitivity of a Bond to interest rate movements. Typically modified duration provides an estimate of how a Bond will change in price for each 1% movement in interest rates. For example, if interest rates change by 1% then a \$100,000 par value Bond with a six-year modified duration could expect a corresponding 6% change in its price.

“Performance” for your Investment Program, means the annual income, including any interest, coupons or other distributions, plus any realised capital gains or losses, net of Management Fees and Custody and Administration Fees.

“Portfolio Manager” means the division within FIIG that is responsible for the day-to-day management of your Managed Portfolio Account, including making investment decisions.

The Portfolio Manager division is separate to FIIG's other business units that may acquire, dispose of, issue or arrange financial products that may be held in your Managed Portfolio Account.

"Relevant Law" means any requirement of the *Corporations Act 2001*, the *Australian Securities and Investments Commission Act 1989* and any other present or future legislation or regulation made by the Commonwealth of Australia or any State or Territory with which FIIG must comply with in carrying out its obligations pursuant to this Agreement.

"Retail Client" has the meaning it is given in section 761G of the *Corporations Act 2001*.

"Taxes" means all taxes of whatever nature lawfully imposed including income tax, GST, recoupment tax, land tax, sales tax, payroll tax, fringe benefits tax, group tax, capital gains tax, profit tax, interest tax, property tax, undistributed profits tax, withholding tax, municipal rates, financial institutions duty, bank account debit tax, stamp duties and other taxes, charges and levies assessed or charged or assessable or chargeable by or payable to any national, federal, state or municipal taxation or excise authority, including any interest related cost and expense or fee imposed in connection with any tax, rates, duties, charges or levies.

"Wholesale Client" has the meaning it is given in section 761G of the *Corporations Act 2001* and includes sophisticated investors as provided for in s761GA of the *Corporations Act 2001*.

"Withdrawal" means a withdrawal of some, but not all, of your Managed Portfolio Account.

## 1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.

- (a) the singular includes the plural and vice versa;
- (b) a reference to a person includes a reference to a body corporate, a government organisation, body or instrumentality, an unincorporated body or any other entity;
- (c) a reference to this Agreement or any other document includes any variation, replacement or novation of it;
- (d) a reference to a thing includes a reference to any part of that thing;
- (e) a reference to any party to this Agreement where relevant includes the party's successors and permitted assigns;
- (f) a reference to "dollars" or "\$" is a reference to Australian currency;
- (g) where a word or phrase is defined, its other grammatical terms have a corresponding meaning;
- (h) a reference to conduct includes, without limitation, any omission, statement or undertaking, whether or not in writing;
- (i) a word or phrase appearing in a certain context which, when used in a similar context in the *Corporations Act 2001* would have a particular meaning, has that meaning in this Agreement; and
- (j) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day.

## 2. INTRODUCTION AND COMMENCEMENT

This Agreement sets out the terms on which you appoint FIIG to manage the Investments that comprise your Managed Portfolio Account for a particular Investment Program. It commences when FIIG approves your Managed Portfolio Account Application Form or, if later, when you contribute cash or other Investments (or both) to your Managed Portfolio Account for that Investment Program with a value not less than the Minimum Investment Amount ("Commencement Date").

Where you invest in more than one Investment Program, you and FIIG will automatically be deemed to have entered into a separate Agreement with respect to each Investment Program. This Agreement will apply separately for each Investment Program. FIIG will, on your behalf, instruct the Custodian to maintain a separate custody account for each Investment Program in which you invest and submit an application to Macquarie Bank on your behalf to open a separate Funding Account for each Investment Program.

## 3. APPOINTMENT

You appoint FIIG as your agent to invest and manage your Managed Portfolio Account on the terms set out in this Agreement. FIIG accepts that appointment.

You will direct the Custodian to act in accordance with instructions given by FIIG as your agent and on your behalf in accordance with this Agreement and you appoint FIIG in this capacity as an "Authorised Person" for the purposes of your Client Custody Agreement.

#### 4. FIIG'S OBLIGATIONS AND POWERS

##### 4.1 FIIG's obligations

FIIG must manage your Managed Portfolio Account in accordance with this Agreement, including the parameters of your Investment Program, and any Instructions you give FIIG in accordance with this Agreement.

##### 4.2 Investment parameters

- (a) The parameters for your Investment Program apply only at the time an Investment is acquired. If your Managed Portfolio Account breaches a parameter of your Investment Program after that time (for example because of changes in value), this will not constitute a breach of this Agreement. In these circumstances, FIIG must use its reasonable endeavours to rebalance your Managed Portfolio Account to bring it back into compliance with the parameters of your Investment Program as soon as reasonably practicable, having regard to the market conditions (including liquidity, volatility and pricing), after it becomes aware of the non-compliance.
- (b) The parameters for your Investment Program will not apply for the 30 day period following:
- (i) the Commencement Date; and
  - (ii) each date on which you make an additional contribution to your Managed Portfolio Account.

##### 4.3 FIIG's powers and authority

FIIG acts as your agent and on your behalf in relation to your Managed Portfolio Account. You agree that in that capacity, FIIG may exercise all the powers in respect of your

Managed Portfolio Account that it is legally possible for a natural person to have, as if it was the absolute and beneficial owner of the Managed Portfolio Account acting in its personal capacity.

These include powers:

- (a) to acquire and dispose of the Investments in or for your Managed Portfolio Account on your behalf; and
- (b) to deal with the Investments in your Managed Portfolio Account on your behalf in combination with the investments in other client accounts managed by FIIG.

#### 5. MAKING CONTRIBUTIONS OR WITHDRAWALS

##### 5.1 Making a contribution

You may contribute cash to your Managed Portfolio Account by making payments to your Funding Account. You may also, subject to FIIG's consent, contribute Investments to your Managed Portfolio Account by transferring them to the Custodian or a combination of the above (cash and in-specie transfer). Any contribution by a transfer of Investments must be accompanied by completed form(s) in such form as FIIG may approve from time to time.

##### 5.2 Withdrawals

- (a) Subject to market conditions (including liquidity, volatility and pricing), you may make a Withdrawal from your Managed Portfolio Account by giving five (5) Business Days written notice (ten (10) Business Days written notice for termination) and completing and lodging with FIIG a Withdrawal request in such form as FIIG may approve from time to time.

(b) For each Withdrawal:

- (i) the value of your Managed Portfolio Account must, immediately following completion of the Withdrawal, be not less than the Minimum Investment Amount for your Investment Program. If a Withdrawal would result in your Managed Portfolio Account value being less than the Minimum Investment Amount, you acknowledge that FIIG may, and you authorise FIIG to, treat the Withdrawal request as being revoked by you or deem it to be a termination notice in accordance with clause 12.1; and
  - (ii) you acknowledge that FIIG may, and you authorise FIIG to, deem the Withdrawal request to relate to more or less than the amount specified in the Withdrawal request, for example, if minimum transaction sizes for Investments in your Managed Portfolio Account do not match the Withdrawal amount requested.
- (c) Subject to market conditions permitting, you may request that FIIG satisfy a Withdrawal request wholly or partially by an in specie transfer of Investments to you or your nominated custodian (which may include the Custodian). You acknowledge and agree that you will not request the transfer of an Investment:
- (i) to a person who is prohibited from holding it, including under the terms of the relevant Investment (for clarity, this might

- require the person to be a participant of either or both of Austraclear and Euroclear); or
- (ii) where the transfer will not meet any applicable Austraclear or Euroclear minimum parcel size requirements. If you make no such request, FIIG will endeavour to satisfy the request by selling the Investments.
- (d) You acknowledge that FIIG will use its best endeavours to satisfy a Withdrawal request as soon as is reasonably practicable following receipt of your request.
- (e) A withdrawal of your entire Managed Portfolio Account will constitute termination of this Agreement in respect of the relevant Investment Program by you in accordance with clause 12.1, and you acknowledge that FIIG will use its best endeavours to satisfy a Termination request as soon as is reasonably practicable following receipt of your request and having regard to market conditions (including liquidity, volatility and pricing).

6. INSTRUCTIONS

6.1 Instructions

You may give Instructions to FIIG in relation to:

- (a) Withdrawals in accordance with clause 5.2 or termination of this Agreement under clause 12;
- (b) changing your Investment Program under clause 6.2;
- (c) how to deal with income and certain other payments received on the Investments in your Managed Portfolio Account, under clause 7.3; or
- (d) payment of any Adviser Service Fee.

You acknowledge that FIIG will not be required to comply with an Instruction to the extent that FIIG reasonably considers the Instruction to be ambiguous, unclear, in conflict with any Relevant Law or outside the scope of this clause 6 and you agree that the Instruction is to be treated as withdrawn in these circumstances.

6.2 Changing your Investment Program

You may by completing and lodging with FIIG such forms as are required by FIIG, instruct FIIG at any time to:

- (a) change the Investment Program for your Managed Portfolio Account (or a portion of it) to another Investment Program (subject to meeting the Minimum Investment Amount requirements for all applicable Investment Programs); and
- (b) change the terms of your Customised Investment Program (if applicable).

You acknowledge that FIIG will use its reasonable endeavours to comply with any Instruction given under this clause 6.2, having regard to market conditions (including liquidity, volatility and pricing), Minimum Investment Amounts and the parameters of the relevant Program.

7. FUNDING ACCOUNT AND FIIG CLIENT TRUST ACCOUNT

7.1 Funding Account requirements

- (a) You must at all times maintain a balance in the Funding Account of at least 1% of the value of your Managed Portfolio Account. If your Funding Account balance falls below this minimum level, you authorise and direct FIIG to dispose, in part or in full, of one or more Investments in your

Managed Portfolio Account, or terminate this Agreement.

- (b) You must not take any action with respect to the Funding Account (including giving any instruction to the ADI with which the Funding Account is held), which adversely affects FIIG's ability to perform its obligations under this Agreement.

7.2 Operation of Funding Account

All payments received in respect of the Investments in your Managed Portfolio Account (whether income or capital) will be paid into your Funding Account. You authorise and direct that FIIG may draw and deposit funds from and to the Funding Account on your behalf to facilitate transactions carried out under this Agreement.

7.3 Reinvestment or automatic Withdrawal

For amounts of interest and coupon received on the Investments in your Managed Portfolio Account (including interest earned on your Funding Account), you may instruct FIIG:

- (a) to transfer such amounts to your nominated ADI account, provided the minimum Funding Account balance under clause 7.1 is maintained; or
- (b) to reinvest such amounts in your Managed Portfolio Account.

For clarity, any Instruction under this clause 7.3 will not apply to payments of capital or capital gain on your Investments, which you acknowledge and direct will be reinvested on your behalf in your Managed Portfolio Account unless you make a Withdrawal under clause 5.2. Any amount reinvested in your Managed Portfolio Account, whether interest, coupon, capital or capital gain, will not constitute

an additional contribution for the purposes of clause 4.2(b)(ii) nor will it require a contribution request form under clause 5.1.

#### 7.4 FIIG Client Trust Account

- (a) You direct and authorise FIIG to pay amounts out of a FIIG Client Trust Account:
  - (i) in order to make payments for transactions or Investments by (or for) your Managed Portfolio Account in accordance with this Agreement; and
  - (i) to FIIG for Fees to which it is entitled under this Agreement.
- (b) You agree that you will not be entitled to receive interest payable on any money, cash or funds deposited or held by FIIG for, and on behalf of, you in a FIIG Client Trust Account. FIIG will retain any such interest or benefit accrued on the FIIG Client Trust Account.

#### 8. POWER OF ATTORNEY

You appoint FIIG and each of its employees and officers as your attorney ("Attorney") with full power and authority to undertake and perform on your behalf all actions necessary, usual or desirable to enable FIIG to perform all the functions and obligations forming part of and in connection with this Agreement, including:

- (a) opening or applying to open, varying or closing accounts with one or more ADIs, including term deposits, savings accounts and at call deposits included or to be included in your Managed Portfolio Account ("Deposits") from time to time;
- (b) paying Fees, settling transactions and other dealings in Investments included or to be included in your Managed Portfolio Account;

- (c) making withdrawals or debits from and deposits or credits to your Deposits;
- (d) receiving on your behalf all notices from and giving instructions to third parties as is necessary or incidental to the performance and fulfilment of all functions and obligations required to be performed and fulfilled by FIIG on your behalf in connection with this Agreement, the Client Custody Agreement, the Managed Portfolio Account and this clause 8; and
- (e) executing, entering into and delivering any document necessary or incidental to the functions and obligations required to be performed and fulfilled by FIIG on your behalf as part of or in connection with this Agreement, the Managed Portfolio Account and the Client Custody Agreement. In the exercise of the authority conferred under the power of attorney in this clause 8, the Attorney is authorised to execute an assurance or other document or do any other act whereby a benefit is conferred upon the Attorney.

#### 9. YOU INDEMNIFY FIIG

You indemnify FIIG against any losses, liabilities or expenses it incurs in connection with this Agreement except to the extent that the loss, liability or expense is directly caused by FIIG's negligence, fraud or dishonesty. This indemnity survives termination of this Agreement.

#### 10. FIIG'S FEES

##### 10.1 Fees

FIIG is entitled to the Fees set out in Schedule 1 below.

#### 10.2 Payment of Fees

To effect payment of a Fee or other amount to which FIIG is entitled in respect of your Managed Portfolio Account, you authorise FIIG to pay to itself amounts out of your Funding Account.

If and to the extent that there are insufficient funds in the Funding Account to satisfy the Fee or other amount to which FIIG is entitled in respect of your Managed Portfolio Account you direct FIIG to dispose, in part or in full, of any Investments in your Managed Portfolio Account on your behalf and authorise FIIG to pay to itself the amount due to it from the proceeds and deposit the balance, if any, in the Funding Account.

#### 10.3 GST

The parties agree that:

- (a) unless expressly stated otherwise, all payments under this Agreement have been calculated without regard to GST;
- (b) if the whole or any part of any payment under or in connection with this Agreement is consideration for a supply for which the payee is liable to GST, that payer must pay to the payee an additional amount equal to the amount referable to GST, either concurrently with that payment or as otherwise agreed in writing;
- (c) any reference to a cost or expense in this Agreement excludes any amount in respect of GST forming part of the relevant cost or expense when incurred by the relevant party for which that party (or the representative member of a GST group of which the relevant party is a member) can claim an input tax credit; and
- (d) the payee will provide to the payer a tax invoice, or GST

invoice as appropriate, for any supply made to the payer on which GST is payable.

## 11. REPORTS

FIIG must provide you regular reports (monthly) in reasonable detail concerning the Investments in your Managed Portfolio Account and transactions in relation to it. You acknowledge and agree that FIIG is not obliged to provide you with (nor to ensure that you receive) any notices, reports or other communications in relation to the Investments that comprise your Managed Portfolio Account.

## 12. TERMINATION OF THIS AGREEMENT

### 12.1 Termination by notice

You may terminate this Agreement by giving FIIG not less than 10 Business Days' written notice. FIIG may terminate this Agreement by giving you not less than 20 Business Days' written notice.

### 12.2 Immediate termination by you

You may terminate this Agreement immediately by written notice to FIIG if:

- (a) FIIG becomes insolvent or if an administrator, receiver or similar person is appointed with respect to the assets and undertakings of FIIG, or any event analogous to that occurs with respect to FIIG;
- (b) FIIG breaches a material provision of this Agreement, or a Relevant Law in respect of this Agreement; or
- (c) FIIG's AFSL is revoked, cancelled or suspended by the Australian Securities and Investments Commission, or varied so that FIIG is not authorised under its AFSL to provide all relevant financial services in connection with the Managed Income Portfolio Service.

### 12.3 Immediate termination by FIIG

FIIG may terminate this Agreement immediately by written notice to you if:

- (a) you become bankrupt or insolvent or if an administrator, receiver or similar person is appointed with respect to your assets and undertakings, or any event analogous to that occurs with respect to you;
- (b) you breach any material provision of this Agreement, or if any representation or warranty you give under this Agreement ceases to be true and correct including if FIIG believes that you have breached any material provision of this Agreement or that any representation or warranty given by you under this Agreement has ceased to be true and correct;
- (c) the Client Custody Agreement is terminated; or
- (d) at any time and in any circumstances you do not comply with applicable laws

### 12.4 Termination procedure

On termination of this Agreement under this clause 12, you may elect for your Managed Portfolio Account Investments:

- (a) to be disposed of and to have the proceeds paid to your Funding Account;
- (b) to continue to be held either:
  - (i) by the Custodian on the terms of the Client Custody Agreement subject to the Client agreeing to pay any fees specified by the Custodian. In these circumstances, you irrevocably waive any notice requirement under the Client Custody Agreement for the Custodian to charge fees under that agreement; or

- (ii) by you, where the relevant Investments are held in your name;
- (c) to be transferred to you or a custodian nominated by you. You acknowledge and agree that you will not request the transfer of an Investment:
  - (i) to a person who is prohibited from holding it, including under the terms of the relevant Investment (for clarity, this might require the person to be a participant of either or both of Austraclear and Euroclear); or
  - (ii) where the transfer will not meet any applicable Austraclear or Euroclear minimum parcel size requirements; or
- (d) if FIIG consents, through a combination of (a)-(c) above.

You acknowledge and agree that FIIG may continue to manage and deal with the Investments in your Managed Portfolio Account on your behalf for as long as is required in order to comply with your election under this clause 12.4.

During that time FIIG may, on your behalf, enter transactions to settle, extinguish or offset obligations incurred by FIIG in relation to the Managed Portfolio Account before termination. If any obligations are not capable of settlement, FIIG will notify you of any amount that FIIG retains in order to meet actual or contingent liabilities. You acknowledge that FIIG will continue to charge all applicable Fees under this Agreement until:

- (e) all net proceeds from the disposal of the Investments comprising your Managed Portfolio Account have been deposited in your Funding Account; or
- (f) all Investments have been transferred to you or your nominated custodian (which may include the Custodian).

If you do not make any election to FIIG under this clause 12.4 within 5 Business Days of the relevant termination date, this Agreement will terminate and your Managed Portfolio Account Investments will continue to be held either:

- (g) by the Custodian on the terms of the Client Custody Agreement; or
- (h) by you, where the relevant Investments are held in your name, in accordance with clause 12.4(b). For clarity, termination of this Agreement does not automatically effect termination of your Client Custody Agreement.

### 13. REPRESENTATIONS, WARRANTIES, CONSENTS AND ACKNOWLEDGEMENTS

#### 13.1 Your representations and warranties

You represent and warrant to FIIG that on entering into, and during the term of, this Agreement:

- (a) you have the power to enter into and perform this Agreement;
- (b) you are a Wholesale Client;
- (c) you are an Australian resident for the purposes of Australian taxation laws;
- (d) you have received independent accounting, financial, taxation and legal advice, tailored to your specific objectives, financial situation or needs, prior to making any investment decision or completing your Managed Portfolio Account Application Form;
- (e) you are an experienced investor, who is familiar with investment arrangements similar to the Managed Income Portfolio Service and the investments available through it; and

- (f) you have sufficient cleared funds available to cover the investment amount specified in your Managed Portfolio Account Application Form.

If any representation or warranty in this clause 13.1 ceases to be true and correct, you must immediately notify FIIG.

#### 13.2 Your consent to FIIG's conflicts

You acknowledge disclosure of FIIG's conflicts of interest, give your informed consent and agree:

- (a) to the conflicts of interest FIIG faces in connection with the Managed Income Portfolio Service, including those described in section 7 of the MIPS Information Memorandum and any other potential conflicts of interest disclosed to you from time to time;
- (b) to FIIG acting, in a principal capacity, as the counterparty for transactions under which your Managed Portfolio Account acquires and disposes of Investments;
- (c) that FIIG may receive fees, margins, brokerage, commissions, or other benefits or advantages, as a result of transactions with your Managed Portfolio Account, and you consent to FIIG keeping for its own account those fees, margins, brokerage, commissions, or other benefits or advantages;
- (d) that any one or more of FIIG, a FIIG Group company, and any directors, authorised representatives, employees, or agents of any of them, may deal in any Investments in your Managed Portfolio Account either on their own account, or on behalf of another person;
- (e) that FIIG may act as the arranger for an issuer of Investments acquired by your

Managed Portfolio Account, and that FIIG may receive fees and other benefits in connection with this role;

- (f) that FIIG has no obligation to acquire or dispose of, or recommend for acquisition or disposal, for your Managed Portfolio Account, any investment which FIIG or any other company in the FIIG Group purchases or sells for its own account or for the account of any other client; and
- (g) that FIIG and any other FIIG Group company may give advice and take action in the performance of its duties for other clients which differs from the advice given and action taken in relation to your Managed Portfolio Account.

#### 13.3 Your general acknowledgements and consents

You consent, acknowledge and agree:

- (a) that FIIG does not provide personal advice to clients in relation to MIPS. Any financial product advice that FIIG provides to you in relation to the Managed Income Portfolio Service is general advice only and does not take into account your objectives, financial situation or needs;
- (b) that before acting on any advice or information from FIIG, you should consider the appropriateness of the advice or information, having regard to your objectives, financial situation and needs;
- (c) that you are at risk in relation to, and FIIG is not responsible for, any payments (including coupon amounts or redemption or maturity payments) to be made by issuers of Investments in your Managed Portfolio Account;

- (d) that if more than one person is identified as the client in the Managed Portfolio Account Application Form, they are each jointly and severally bound by this Agreement;
- (e) that FIIG may deliver to you any contract notes, trade confirmations, coupon advices, maturity advices or any other reports including monthly portfolio reports and tax invoices electronically by uploading them to the FIIG secure website or to any email address as notified by you from time to time;
- (f) that FIIG may pay fees, commissions, or other benefits or advantages, to its representatives or to other persons in connection with your Managed Portfolio Account and you consent to FIIG making those payments;
- (g) that FIIG may, at any time, reissue a contract note, trade confirmation, coupon advice or maturity advice in order to correct any errors or omissions;
- (h) that FIIG may with your consent, or under force of law and as advised by you (where legally permissible), give any information or assistance and make available any records relating to your Managed Portfolio Account reasonably required by your auditors or any applicable regulator; and
- (i) FIIG may provide your personal information as defined in the *Privacy Act 1988 (Cth)* to any other party, including but not limited to overseas recipients, in order to carry out FIIG's obligations under this Agreement.

13.4 FIIG's representations and warranties

FIIG represents and warrants to you that FIIG:

- (a) has power to enter into and perform this Agreement; and
- (b) holds an Australian Financial Services Licence and it will be the holder of any other licences required to be held by it in connection with the Managed Income Portfolio Service.

14. INSTRUCTIONS AND OTHER NOTICES

Any Instruction or other notice given under this Agreement:

- (a) to FIIG, must be sent to the following address, email or fax number:  
 Attention: Client Services  
 Address: GPO Box 1186,  
 Brisbane QLD 4001  
 Telephone: 1800 01 01 81  
 Facsimile: +61 7 3231 6699  
 Email:  
 clientservices@fiig.com.au
- (b) to you, must be sent to the details set out in your Managed Portfolio Account Application Form,  
 or in accordance with any other address, fax number or email address that either party may specify in writing to the other. You acknowledge that FIIG will ordinarily send notices to you by email.

15. VALUATION OF INVESTMENTS

FIIG may, in its reasonable discretion, adopt any valuation policies and procedures for the purposes of determining the value of the Investments included, or proposed to be included, in your Managed Portfolio Account.

16. GENERAL

16.1 No waiver

No failure to exercise and no delay in exercising any right, power or remedy under this Agreement will

operate as a waiver. Nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

16.2 Assignment

You may not assign any of your rights and obligations under this Agreement without FIIG's prior written consent. FIIG may assign or novate its rights and obligations under this agreement to any of its related bodies corporate by giving not less than 5 Business Days' written notice to you.

16.3 Death

If you are a natural person, then, in the event of your death, your Managed Portfolio Account will continue to be managed in accordance with your Investment Program and your Instructions until otherwise instructed by your legal personal representative.

16.4 Anti-money laundering

FIIG is bound by laws about the prevention of money laundering and the financing of terrorism, including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* ("AML/CTF Laws"). You agree that:

- (a) you are not and will not enter into any agreement with FIIG under an assumed name;
- (b) any funds you use to invest in the Managed Income Portfolio Service have not been derived from or related to any criminal activities;
- (c) any payments received from FIIG will not be used in relation to any criminal activities;
- (d) if FIIG asks, you will provide FIIG with additional information reasonably required (including information about the source of funds used to invest in the Managed Income Portfolio Service); and



- (e) FIIG may obtain information about you or any beneficial owner of an interest in your Managed Portfolio Account from third parties if FIIG believes this is necessary to comply.

In order to comply with AML/CTF Laws FIIG may be required to take action, including:

- (f) delaying or refusing the processing of any transaction; or
- (g) disclosing information that it holds about you to its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws.

#### 16.5 Confidentiality

FIIG must not disclose any confidential information about you, except

- (a) as required by law or any regulator;
- (b) if necessary for the performance of its obligations under this Agreement, including if required under the terms of any Investment;
- (c) to FIIG's professional advisers, related bodies corporate, agents, employees and service providers, or for the purposes of legal proceedings; or
- (d) to your financial or professional adviser.

#### 16.6 Force majeure

Each party agrees that if a party is unable to perform its obligations under this Agreement as a result of delays or failures due to any cause beyond its control, the party is only in breach of this Agreement if the delay or failure:

- (a) is due, in any way, to that party's own negligence; or
- (b) could have been avoided or overcome by that party's exercise of due care and diligence.

This clause does not apply to any obligation to pay money.

#### 16.7 Amendment

FIIG may vary this Agreement by issuing a new version of this Agreement. FIIG will give you 30 days' prior written notice of any change to this Agreement that is materially adverse to your interests. Without limiting the preceding sentence, FIIG may only increase its Fees in respect of your Managed Portfolio Account by giving you 30 days' prior written notice.

#### 16.8 Governing law and jurisdiction

This Agreement is governed by the laws of the State of New South Wales (NSW). The parties submit to the non-exclusive jurisdiction of Courts exercising jurisdiction in NSW.

#### 16.9 Severance

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will be ineffective in that jurisdiction to the extent of the prohibition or unenforceability. That will not invalidate the remaining provisions of this Agreement nor affect the validity or enforceability of that provision in any other jurisdiction.

#### 16.10 Execution

By executing the Managed Portfolio Account Application Form, you agree to be bound by the terms and conditions of this Agreement, as amended from time to time.

#### 16.11 Relationship of parties

Except where this Agreement expressly states otherwise, it does not create a relationship of employment, trust, joint venture, fiduciary, partnership or other similar relationship between the parties.

#### 17. ACKNOWLEDGEMENTS AND AGREEMENTS WITH RESPECT TO THIRD PARTY SUPPLIERS

- (a) No third party supplier to FIIG ("Supplier") makes any warranties, express or implied, as to merchantability, fitness or any other matter, and shall have no liability to you or any third party for any errors, omissions or malfunctions in relation to the services it provides to FIIG.
- (b) Services provided by the Suppliers to FIIG are intended for use as an aid to institutional investors, registered brokers or professionals of similar sophistication in making informed judgments concerning securities.
- (c) You are responsible for, and have exercised your own independent judgment in, your selection of the relevant services, your selection of the use or intended use of such, and any results obtained.
- (d) You indemnify against, and hold harmless from, FIIG, for its own benefit and for the benefit of its Suppliers, any and all losses, damages, liability and costs (including attorney's fees), resulting directly or indirectly from any claim or demand against any Supplier by a third party arising out of, or related to, the accuracy or completeness of any services received by you, or any data, information, service, report, analysis or publication derived therefrom. Neither FIIG nor any Supplier shall be liable for any claim or demand against you by a third party.
- (e) You undertake not to use any Information for any other purpose or disseminate the Information further to any other third parties except as permitted under this

Agreement and to indemnify FIIG, for its own benefit and for the benefit of its Suppliers and their affiliates, harmless from and against any losses, damages, liability and costs (including reasonable attorney's fees), resulting from any claim or demand against a Supplier by a third party arising out of the use of any services or Information received by you, or any data, information, service, report, analysis or publication derived therefrom.

(f) If you receive Information from a Supplier containing evaluations, rather than market quotations, for certain securities or certain other data related to such securities, you acknowledge and agree that:

(i) evaluated securities are typically complicated financial instruments. There are many methodologies (including computer-based analytical modelling and individual security evaluations) available to generate approximations of the market value of such securities, and there is significant professional judgement as to which method is best. No evaluation method, including those used by Suppliers, may consistently generate approximations that correspond to actual "traded" prices of the instruments;

(ii) Suppliers' methodologies used to provide the pricing portion of certain Information may rely on evaluations; however, you acknowledge that there may be errors or defects in Suppliers' software, databases, or methodologies that

may cause resultant evaluations to be inappropriate for use in certain applications; and

(iii) you assume all responsibility for edit checking, external verification of evaluations, and ultimately the appropriateness of use of evaluations and other pricing data provided via the Managed Income Portfolio Service regardless of any efforts made by Suppliers in this respect. You shall indemnify and hold completely harmless FIIG, for its own benefit and for the benefit of its Suppliers, in the event that errors, defects, or inappropriate evaluations are made available via the Managed Income Portfolio Service.

EXECUTED as an agreement

### Schedule 1 Fees

#### 1.1 Management Fee

The Management Fee rate is:

- (a) for the Conservative Income Investment Program: 0.65% p.a. (inclusive of GST);
- (b) for the Core Income Investment Program: 0.65% p.a. (inclusive of GST);
- (c) for the Income Plus Investment Program: 0.85% p.a. (inclusive of GST); and
- (d) for a Customised Investment Program, the rate agreed between you and FIIG and specified in section 12 of your Managed Portfolio Account Application Form or an Instruction given in accordance with clause 6.2.

The Management Fee for your Managed Portfolio Account will be the Management Fee rate specified above, multiplied by the value of the Investments in your Managed Portfolio Account as determined by FIIG in accordance with clause 15, calculated daily and charged monthly in arrears.

#### 1.2 Custody and Administration Fee

The Custody and Administration Fee rate for each of your Managed Portfolio Account(s) is a blended rate determined separately for each Managed Portfolio Account by reference to the value of the Investments in the particular Investment Program in your Managed Portfolio Account as follows:

- (a) first \$500,000: 0.20% p.a. (inclusive of GST);
- (b) next \$1,500,000: 0.14% p.a. (inclusive of GST);
- (c) next \$3,000,000: 0.09% p.a. (inclusive of GST); and
- (d) over \$5 million: 0.06% p.a. (inclusive of GST).

The Custody and Administration Fee for your Managed Portfolio Account will be calculated by applying the blended rates specified above to the value of the Investments in each Investment Program in your Managed Portfolio Account as determined by FIIG in accordance with clause 15 or, if greater, the minimum annual Custody and Administration Fee specified above. It will be calculated daily and charged monthly in arrears. FIIG may, by notice to you, change the frequency with which the Custody and Administration Fee is charged to your Managed Portfolio Account.

## Talk to the experts

Please call our national number 1800 01 01 81 to speak to a FIIG fixed income expert, email us at [info@fiig.com.au](mailto:info@fiig.com.au) or contact your nearest office directly.

### Sydney

Level 24, 60 Martin Place  
Sydney NSW 2000  
+61 2 9697 8700

### Melbourne

Level 35, 120 Collins Street  
Melbourne VIC 3000  
+61 3 8668 8888

### Brisbane

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Brisbane QLD 4000  
+61 7 3231 6666

### Perth

Level 1, Royal Insurance Building  
131 St Georges Terrace  
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