



Issued: 30 September 2024

## Expand Essential Investment General Reference Guide

The information in this General Reference Guide forms part of the Investor Directed Portfolio Service Guide (**Offer Document**) for **Expand Essential Investment** dated 30 September 2024, together with the **Expand Essential Investment Guide (Investment Guide)** and any supplementary Offer Documents. These documents should be considered before making a decision to acquire this service. privacy

In addition to the **Offer Document**, you should consider the information contained in the Expand Essential Investment Menu (**Investment Menu**) before making a decision to invest in this service.

We recommend you read this entire guide. The information is divided into the following sections.

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# Important information

Expand Essential Investment is an Investor Directed Portfolio Service (IDPS). This IDPS Guide (**Offer Document**) has been prepared and issued by Navigator Australia Limited (NAL) ABN 45 006 302 987, AFSL 236466 (NAL, our, we, us, Service Operator).

## General advice warning

The information contained in this General Reference Guide:

- does not and is not intended to contain any recommendations, statements of opinion or advice
- is of a general nature only and does not take into account your individual objectives, financial situation or needs.

You should consider the appropriateness of this information having regard to your objectives, financial situation and needs. We recommend that you obtain and maintain professional financial and/or tax advice prior to and while investing in Expand Essential.

## About the Service Operator and Custodian

The Service Operator, NAL, is a part of the Insignia Financial Group comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group).

- As the Service Operator, NAL operates and administers Expand Essential Investment on the terms and conditions outlined in the Offer Document.
- NAL undertakes all of the administrative tasks for Expand Essential through IOOF Service Co Pty Ltd ABN 99 074 572 919. NAL has investment and service contracts with related parties within the Insignia Financial Group, including IOOF Service Co Pty Ltd. IOOF Investment Services Ltd ABN 80 007 350 405 AFSL 236466, a related party of the Service Operator, has been appointed as custodian, meaning it holds the assets of Expand Essential Investment on behalf of NAL.

The Service Operator is solely responsible for the content of this General Reference Guide. This General Reference Guide was prepared by us based on our interpretation of the relevant legislation as at the date of issue.

Managed investments, acquired through Expand Essential Investment do not represent assets or liabilities of the Service Operator or any other company or business within the Insignia Financial Group.

We may refuse an application to join Expand Essential Investment without providing reasons for the refusal. An applicant becomes a client in Expand Essential Investment when we accept the application and record them as a client in our records. Neither the Service Operator, nor any other related or associated company, the third-parties listed in this **Offer Document**, service providers or the related bodies corporate of the parties mentioned, guarantee the repayment of capital or the performance or any rate of return of the investment options chosen in Expand Essential Investment. Investments made into the investment options are subject to investment risks and other risks. This could involve delays in the repayment of principal and loss of income or principal invested.

Where an investment option is issued by an Insignia Financial Group related entity, the fees are received by the Insignia Financial Group entities are charged in accordance with the constitutions of the Investment Options. These are the investment options offered in IOOF Essential Investment (as listed in the **Investment Menu**).

## Investment options offered

NAL regularly monitors the investment options available and provides no assurance that any investment option currently available will continue to be available in the future. We have the right to suspend or cease investments in a specific investment option and if necessary, can redeem and transfer your investments to your Cash Account in circumstances where the investment option is no longer available, and no alternative instructions are provided. We will notify you of any such change where possible before the change occurs. The fund managers have not authorised or caused the issue of this Offer Document but have consented to the inclusion of statements which relate to their products issued by them.

In order to choose an investment option for your investment strategy, you should review the information in the Investment Guide and the Investment Menu. Before selecting an investment option your financial adviser (where relevant) should provide you with the PDS for the relevant managed investment. Your financial adviser should also consider the Target Market Determination (TMD) relevant to the investment option. These documents provide important information to consider and evaluate prior to investing. PDSs are also available on our website at [myexpand.com.au](http://myexpand.com.au).

# About Expand Essential Investment

## Who can use Expand Essential Investment?

Expand Essential Investment has been designed with features for investors who want to be involved with and have control over the management of their portfolio. Any individual over 18 years of age may invest through Expand Essential by themselves. Investors under 18 years of age must have their application form signed by a parent or guardian.

Expand Essential Investment is suitable for individual investors, joint investors, trustees of Self-managed superannuation funds, Australian resident trusts, companies and associations<sup>1</sup>. With transparent fees and access to a wide range of managed investments, Expand Essential Investment will suit the investor who has clear financial goals.

## Everything you need to know about deposits

To commence an Expand Essential Investment account a minimum initial investment of \$1,000 is required, or you can begin an account with an initial deposit of \$500 together with a Regular Savings Plan.

Deposits made into your Expand Essential account are credited first to your Cash Account. Deposits (less any nominated Advice Fee – Upfront) will be invested by us in accordance with your Deposit Instruction.

## How to make a deposit

You can make a deposit to your account using a variety of methods such as cheque, BPAY<sup>®2</sup>, EFT and Regular Savings Plan (direct debit). Unfortunately, we cannot accept cash or credit cards.

All cheques should be made to:

**Expand Essential Investment – [your full name or account number]**

### Deposit methods

#### 1. Cheque, BPAY or EFT

You can make initial and additional one-off deposits to your account by either cheque, BPAY or EFT. For deposits made by BPAY, a Biller Code and Customer Reference Number are provided in your Welcome letter or can be obtained from ClientFirst or by logging into Expand Online.

For deposits made by EFT, a BSB and account number can be obtained from ClientFirst or by logging into Expand Online. Please note, credit card payments and international deposits cannot be accepted via EFT.

#### 2. Direct debit

You can make initial and additional deposits to your account via a direct debit arrangement. A direct debit arrangement allows you to set up a Regular Savings Plan or request for one-off deposits to your account by completing a Direct Debit Request form.

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<sup>1</sup> Associations are only available to transferring clients and are not currently open to new applications.

<sup>2</sup> Registered to BPAY Pty Ltd ABN 69 079 137 518

The direct debit will occur from your nominated account with a financial institution at the frequency you have chosen.

### 3. Transfers

You can transfer your existing assets held with another platform to your account. This will not only help you keep track of your money but may also save you additional administration fees.

### Deposits we can't process

Any deposits we can't process will be held in an interest-bearing account. In circumstances where any unallocated monies are returned to you, we may retain the interest earned. Where deposits can be allocated to your account you will receive interest from the date we received the deposit.

### Margin lending

Margin lending allows you to borrow money to invest in listed and managed investments. This strategy is called gearing. A gearing strategy amplifies your investment returns because you are investing more money than simply using your own savings. However, it is important to recognise that gearing also amplifies the negative effects of falls in market values – in other words, it can increase your investment losses.

Depending on your circumstances, the interest cost of any borrowed funds may be tax deductible.

Margin lending may not be suitable for your particular investment objectives, financial situation or individual needs. Before making a decision to borrow funds, you should speak with your financial adviser about how margin lending works and to determine whether gearing your investments is appropriate in your case. You should also seek tax advice before establishing a margin lending facility.

We have arrangements in place with a panel of lenders to facilitate margin lending through Expand Essential Investment. We do not provide any margin loans. You are required to organise any margin loan relating to the Expand Essential Investment account with a lender from our panel. For further details please contact us.

All margin loans are subject to the requirements of the individual lender and accordingly, not all of the managed investments available through Expand Essential Investment may be approved for the purposes of the loan.

Any loan approved and obtained using margin lending is first deposited into your Cash Account. It is then invested according to the Standing Instructions you provide to us as per any deposit into your account.

Any proceeds from the sale of the managed investments through Expand Essential Investment that are subject to the margin lending arrangement will be automatically transferred to the margin lender for offsetting against the loan, unless we are instructed otherwise by the margin lender.

A margin lender may require you to pay a fee in relation to the margin loan. Any such fee will be disclosed in the margin lender's offer document. In certain circumstances, including default under your margin lending arrangement, a margin lender may have the right to recoup charges and expenses from your investment account through Expand Essential Investment.

**Important note:** The margin lender generally requires you to mortgage your total investment account and surrender your rights under Expand Essential Investment in favour of the margin lender. If your investment account is held as security for a margin loan, it is important to note and understand the changes this will have to your rights and obligations under Expand Essential Investment. Withdrawal instructions on the investment account and withdrawal proceeds are generally only released to you subject to approval by the margin lender. The margin lender also has the right to redeem your investments to recover loan amounts and interest. Should this occur, we will action this request without notification to you.

You should refer to the margin lender's offer document or contract for full details on how a margin loan arrangement will impact your investment through Expand Essential Investment.

## Rights and obligations under margin lending arrangements

Entering into margin lending arrangements will affect your rights under Expand Essential Investment and will depend on the terms of the margin lending arrangement. This may include the following:

- The time it takes to process a transaction may be longer depending on the processing requirements of your margin lender.
- Your rights in relation to Expand Essential Investment are subject to the rights of the margin lender.
- The account subject to the margin lending arrangement will generally become subject to a mortgage or charge in favour of the margin lender.
- Any proceeds from the sale of managed investments through Expand Essential Investment, subject to the margin lending arrangement, will be automatically transferred to the margin lender for offsetting against the loan balance, unless we are instructed otherwise by the margin lender.
- You may not be able to deal in the account without prior agreement from the margin lender.
- There may be restrictions on accessing the account information.
- Information and/or alterations that you request to the account may be provided to the margin lender.

While in place, the margin lending arrangement will mean that we can act in good faith on instructions from the margin lender in relation to the investment options held through Expand Essential Investment even if they conflict with your rights under Expand Essential Investment.

- The margin lender may instruct the Service Operator on:
  - applications, redemptions and transfers of investments
  - payments to and from the account, for their fees and expenses or repayments of the margin loan
  - sale of managed investments in a margin call.

The Service Operator can continue to act until the margin lender tells us that we cannot, even if you instruct us not to act.

The Service Operator will not act on instructions from you in relation to any of the managed investments purchased using the margin lending arrangements (including to redeem or withdraw) unless the margin lender has agreed. The Service Operator is not responsible for the margin lender or the services provided by it.

The Service Operator may pass information relating to you and the accounts to the margin lender provided that it considers doing so is necessary or desirable in relation to the margin lending arrangements or Expand Essential Investment.

These terms will generally apply until the margin lender tells us they do not.

Any charges and other fees payable under your margin lending agreement are separate to and in addition to the fees payable under Expand Essential Investment.

Margin lending arrangements may vary between different margin lenders. Some margin lenders may require their clients to transfer title or ownership of their investments to the lenders. If you require any more information, please contact your margin lender directly.

## Withdrawals

It is important to have access to your money when you want it. That's why we have provided you with the following withdrawal options for ease of ongoing account management.

### As you need it access

You may request a full or partial withdrawal from your account at any time.

The minimum amount you can withdraw is the lesser of \$100 or your remaining account balance.

The value of your Cash Account (excluding any income distributions reserved under the Automatic Income Distribution Facility (AIDF)) is used to fund withdrawals before we redeem any of your investment options.

The 'top up method' nominated with your Standing Instructions will be used to identify the investment option(s) that should be redeemed (if required) to pay any withdrawals (when your request is not accompanied by a specific withdrawal instruction). Alternatively, a withdrawal can be redeemed from the investment option(s) you specify.

Upon leaving Expand Essential Investment, you will receive a statement showing your closing balance and a summary of transactions that took place within the current financial year.

### Regular Withdrawal Plan (optional)

You can set up a Regular Withdrawal Plan if you need funds to supplement your income on a regular basis.

The minimum regular withdrawal amount is \$100 per frequency.

Regular withdrawals can be paid monthly, quarterly, half-yearly or annually from your Cash Account and credited electronically to your nominated account with your financial institution.

A request for the Regular Withdrawal Plan must be received at least five business days before the requested payment date.

We may process your regular withdrawal earlier than the specified date to ensure it reaches your nominated financial institution on time.

### Automatic Income Distribution Facility (optional)

The Automatic Income Distribution Facility (AIDF) allows you to have income distributions from cash, managed investments, and SMA Model Portfolios paid quarterly or half-yearly to your nominated account with your financial institution. The minimum AIDF amount is \$100.

If the accumulated income distribution (net of any previous AIDF payments) is at least \$100, it will be paid electronically into your nominated account with your financial institution. Where the amount is less than \$100, it will remain in the Cash Account for the next quarterly or half-yearly payment.

The automatic withdrawal will occur on the 25th day of the month (or next business day) following the end of the relevant calendar quarter or half-year. We may process your payment earlier than the specified date to ensure it reaches your nominated financial institution on time.

This facility will override any other method selected for the re-investment of any income distributions.

# How your investment account is taxed

## What taxes apply and how do they work?

As with all financial transactions, tax implications need to be considered. The tax information provided in this **General Reference Guide** is of a general nature only and is based on our understanding of the legislation and its application to investors as at the date of this **General Reference Guide**.

Australian tax laws can be complex and are subject to change from time to time. We recommend that you obtain professional advice on the consequences before investing through Expand Essential Investment.

This section provides you with some general information about the tax implications of investing through Expand Essential Investment. It will help you answer the following questions:

- how your investments are taxed
- what information you will receive.

## Taxation of Managed Investment Trusts (MITs)

The trustee of an eligible MIT are able to elect into the attribution regime for the taxation of MITs. For those MITs that have elected into the attribution regime, they are referred to as Attribution Managed Investment Trusts (AMITs).

If you invest in a MIT that elected to become an AMIT, that MIT may now attribute income to you without making a cash distribution for the attributed income. This means you may have to pay tax on the attributed income although you have not received any cash distribution for that income. Tax File Number (TFN) withholding tax and non-resident withholding tax will also apply to attributed income (where applicable).

## Personal tax issues

The taxation implications of investing through Expand Essential Investment depend on the investment options you select. Although the custodian holds all investment options, you still retain beneficial ownership. The tax consequences of investing are passed on to you as though you held the investment options directly.

This means that the purchase and sale of managed investments, and the receipt of income distributions, dividends and interest payments through Expand Essential Investment are likely to have tax consequences for you.

## Annual Taxation Statement (ATS)

You will receive an ATS after the end of the financial year, detailing the tax position of your account in Expand Essential Investment. You can use this to help you (or your professional tax adviser) complete your personal annual income tax return. We are required to report the information in your ATS to the Australian Taxation Office (ATO).

The following summary of tax matters is a general guide in relation to amounts that may be set out on the ATS and applies to resident individual taxpayers. If you are a non-resident for Australian taxation purposes or a non-individual investor, it is important that you obtain independent tax advice before investing through Expand Essential Investment, taking into account your particular circumstances. We may be required to withhold tax on part or all of the distributions and interest payments made to non-resident investors.

Items	General tax treatment
Income distributions from managed investments (including MITs and/or AMITs)	Any entitlement you have to the net income of a managed investment or a MIT derived in respect of an income year and/or income of an AMIT attributed in respect of an income year, including amounts received in a subsequent year of income or which are re-invested, will form part of your assessable income for that year.
Interest earned on cash balance	Interest earned on the Cash Account is generally assessable in the year it is received.
Types of income distributions	Income distributions from your managed investments (including MITs and/or AMITs) may include franking credits, tax deferred income (which may reduce the cost base or reduced cost base of those investments in the managed investments, MITs and/or AMITs), foreign income tax offsets (FITOs) (the foreign taxes paid by the managed investments, MITs and/or AMITs) or amounts of other non-assessable income (such as tax-free income). Franking credits may be used to reduce your tax liability (and in certain circumstances, refund any excess franking credits after your income tax and Medicare levy liabilities have been met). FITOs may be used to reduce your tax liability and any remaining FITOs may reduce the Medicare levy.
Capital gains	Your annual taxable income includes net capital gains arising from the sale, disposal or redemption of an investment in listed and managed investments (including MITs and AMITs) as well as any capital gains distributed by the managed investments (including MITs and AMITs) in which you have invested during the income year. For investment options you sell, you may be entitled to the discounted capital gains concession to all or part of your capital gain if you hold the assets for at least 12 months. You may be able to reduce the amount of capital gains in an income year against the amount of capital losses you made in that income year or that you have been carrying forward from prior income years.
Advice Fee – One-Off	These fees may not be immediately deductible. If this is the case, these fees should form part of the cost base, reduced cost base of your investments or be reflected in the proceeds from the sale of your investments, which are used to determine your capital gains or losses in relation to any sale, disposal or redemption of your investments.
Advice fee – Upfront	These fees are not immediately deductible and have been included in your cost base and reduced cost base calculation. This will be deductible when the asset is realised and will be reflected in your capital gains or losses in relation to the sale, disposal or redemption of your investments.
Advice Fee – Ongoing and Advice Fee – Fixed Term Arrangement SMA model manager fee	These fees may be fully tax deductible in the year of income in which you incur the fee and reduce your assessable income for that income year.
Administration fees and costs	These fees may be fully tax deductible in the year of income in which you incur the fees to reduce your assessable income for that income year. Management costs applied by each fund manager generally have already reduced the amount of any assessable distributions that you receive in cash.

### TFN and ABN Withholding Tax

Withholding tax is required to be deducted from investment income if you are an Australian resident for taxation purposes and a TFN is not provided or an exemption is not claimed. If you are an SMSF investor, or your investment relates to a business activity, you can quote an Australian Business Number (ABN) instead of a TFN.

If a TFN or ABN is not provided, we are required by law to withhold tax at the top rate of tax plus the Medicare levy from investment income distributed/attribution through Expand Essential Investment.

### Non-Resident Withholding Tax

Non-resident withholding tax is required to be withheld from certain investment income distributed/attribution to a non-resident investor. If you are not an Australian tax resident, you must let us know of your country of residency, in order for us to apply the correct withholding rate from investment income from your Expand Essential Investment account.

### Foreign withholding tax deducted on income derived from dual listed investments

Investors who invest in dual listed investments that pay tax in an overseas jurisdiction may be required to complete additional forms. These forms are required to avoid additional tax being levied on income derived from these investments.



## Tax Optimisation

Your tax optimisation method tells us the order you would like your investment holdings to be sold when redeeming part of an investment option. This can be used to maximise or minimise your capital gains on an investment redemption and may be triggered during a switch, re-weight or cash top-up.

There are three tax optimisation methods available:

- **First in First Out:** The parcel(s) with the oldest purchase date at the time of submitting are selected for disposal first.
- **Minimise Gain/Minimise Loss:** The parcel(s) with the lowest estimated capital gains/highest estimated capital losses are selected for disposal first.
- **Maximise Gain/Minimise Loss:** The parcel(s) with the highest estimated capital gains/lowest estimated capital losses are selected for disposal first.

If no method is selected the default tax optimisation method is First in First Out.

SMA Model Portfolios use the same tax optimisation method as your account, however when assets are redeemed within an SMA Model Portfolio, only parcels within the applicable SMA Model Portfolio will be able to be selected.

Your Annual Tax Statement will show the tax optimisation method used for each transaction completed throughout the year. You and your adviser can view or change your account tax optimisation method via Expand Online.

The tax optimisation method will apply any discount as relevant to the entity invested in Expand Essential Investment.

For trust accounts, the tax optimisation feature will consider discounted parcels as being eligible for a 50% discount (i.e. being received by an individual taxpayer). In a trust, the end capital gains tax will depend on who the trustee distributes the gain to.

# Managing your account

## Standing Instructions

Your Standing Instructions outline how you would like us to:

- invest your deposits (less any Advice Fee – Upfront)
- invest your income distributions paid from your investment options
- top up your Cash Account to meet the minimum requirement
- process a withdrawal request (which investment options we should redeem from).

You are able to supply three types of Standing Instructions.

## Types of Standing Instructions

### Deposit Instruction

Your Deposit Instruction tells us how you would like deposits (less any Advice fee – upfront) to be invested as a percentage. Your Deposit Instruction can include your Cash Account, managed investments and SMA Model Portfolios<sup>3</sup>.

You can also provide us with a specific instruction concerning a particular deposit that differs from your Deposit Instruction providing clear written instructions when you make the deposit.

In Expand Essential Investment you are required to make an investment choice as part of your application.

Please note that the total percentage allocated to each investment option and your allocation to the Cash Account (of at least 1%), must add up to 100%.

### Income preference\*

Income distributions that you receive from your investment options are automatically credited to your Cash Account. Income from your managed investments or income generated in your SMA Model Portfolio can then be re-invested using one of the following methods (only one can be selected):

- Re-invest (default option)

This method allows you to automatically reinvest the income distribution in the same managed investment or SMA Model Portfolio.

Please note that you may not have the most recent PDS for the managed investment or SMA at the time these re-investments are made.

- Retain in your Cash Account

This method allows you to leave all income distributions in your Cash Account to accumulate. Income will remain in your Cash Account until we receive an instruction from you.

- Income Instruction – percentage

You can choose to have your income from your managed investments or SMA Model Portfolio re-invested into one or more managed investment(s). The income will be re-invested subject to a minimum buy of one dollar.

Please note that you may not have the most recent PDS for the managed investment or SMA at the time these re-investments are made.

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<sup>3</sup> You will only be able to select an SMA in your Deposit Instructions if you have already bought into the SMA Model Portfolio. Where you redeem your SMA Model Portfolio or transfer out of your SMA Model Portfolio the SMA model will be redeemed from your Deposit Instructions.

- Automatic Income Distribution Facility (**AIDF**)

This method allows you to have your income distributions from your managed investments or those generated within your SMA Model Portfolio paid out to you from your Cash Account and credited electronically to your nominated financial institution. This facility is described in more detail in the Withdrawal section of this guide.

\* Your income preference is subject to the availability of sufficient cash in your Cash Account. Any income received in the Cash Account may be used to top up your Cash Account.

### **Cash Account preferences**

Your Cash Account is used to process all cash transactions that occur within your account. For example, all money paid into your account and any earnings from your investment options go through your Cash Account and all fees and costs (excluding indirect costs), taxes, and withdrawals (where applicable) are paid out of this account.

Your Cash Account holding is pooled with that of other investors and placed in interest bearing accounts with an authorised deposit-taking institution (ADI) selected by us, currently the Commonwealth Bank of Australia, ABN 48 123 123 124.

The funds in your Cash Account earn interest. We retain a portion of the interest earned on the pooled cash assets and set a net interest to be credited to the Cash Account. The interest we retain is the difference between the net rate we credit to your Cash Account daily balance and the interest we earn from the pooled deposits of the Cash Account. Interest credited to you is subject to change in line with the official cash rate set by the Reserve Bank of Australia or changes to the interest retained. Net interest is credited to your Cash Account monthly.

Transactions including switches, partial withdrawals and other payments (including fees) may result in your Cash Account temporarily having a negative balance. If this occurs, a percentage fee equal to the daily Cash Account interest rate will be charged for each day that your Cash Account has a negative balance. This fee will reduce the interest payable for the month in which your Cash Account has a negative balance and can result in a deduction rather than an interest payment to your account.

### **Allocation to your Cash Account**

You are required to elect a minimum percentage allocation to the Cash Account, and you can customise it to suit your needs. This amount is used for funding fees and expenses, and taxes (where applicable). Where you choose to customise your percentage, you can elect for this to be the same percentage allocation to the Cash Account that you have elected in your Deposit Instruction or a custom percentage nominated by you.

In addition, you may nominate a dollar-based minimum on the amount held in your Cash Account (subject to a \$5,000 minimum) that will be used in conjunction with your percentage-based minimum. If your Cash Account falls below zero, we will then top up your Cash Account to the lower of your dollar-based minimum or percentage-based minimum.

### **Top up**

The top up options give you the control and flexibility to determine the most appropriate way for you to manage your Cash Account.

We will review the balance of your Cash Account in the following scenarios:

- at the end of each month, following the deduction of any applicable fees
- after the payment of regular withdrawals.

We may also apply distribution income to a negative Cash Account balance before reinvesting in accordance with any Standing Instruction.

If the balance of your Cash Account is zero or below, we will top it up as directed by you up to the lower of:

- the minimum percentage allocation for the Cash Account (1% (default amount); the percentage nominated in your Deposit Instruction or a percentage nominated by you); or
- your nominated dollar-based minimum amount.

If we are required to top up your Cash Account, the amount required to top it up will be funded from your managed investments using one of the following methods, as directed by you (only one method can be selected). If no method is selected the default will apply. We may also top up your Cash Account using any available distribution income.

**Important note:** SMA Model Portfolios are excluded from the top up process. When a Cash Account top up occurs it may give rise to a CGT liability which may reduce the value of your account. Please speak to a financial adviser or tax adviser for more information. In some instances, investment options that cannot be redeemed on a daily basis will not be able to be included in your Cash Account Top up instructions. Pending transactions may be taken into consideration when topping up your Cash Account.

1. Pro-rata (default option)

Sells funds across all managed investments according to the proportion of the portfolio that they represent. Listed will not be sold under this option. Managed investments within an SMA Model Portfolio will not be sold under this option.

2. Redemption Instruction – Percentage

Sells funds from specified managed investments according to the percentage allocation nominated by you.

3. Pecking Order

Redeems funds from your managed investments according to a prioritised list. You choose which managed investments are to be used and the order in which the funds are to be redeemed, one at a time.

### Insufficient managed investments to enable the top up of your Cash Account

Where there are insufficient managed investments to enable the top up of your Cash Account, as instructed by you, we will redeem some of your other investments in order to fund fees, expenses, taxes, pension payments and insurance premiums to provide the minimum cash requirement. We will redeem investments in the following order:

- Cash and investments within an SMA Model Portfolio.

The normal fees, charges, penalties, and investment minimums will apply to these transactions. There may also be capital gains tax implications.

### Changing your Standing Instructions

Your Standing Instructions can be updated through Expand Online.

### How changes to Investment Options impact your Standing Instructions

#### Deposit Instructions

Where we have suspended or stopped investments in a managed investment or SMA model portfolio, the percentage of your deposit that you allocated to invest in that managed investment will be retained in the Cash Account.

#### Income Preferences

#### Managed Investments

Where we have suspended or stopped investments in a managed investment or where a managed investment is redeemed in full income distributions received from that managed investment will be retained in the Cash Account.

An exception to this is where a managed investment is no longer held due to the requirement to top up your Cash Account or continues to form part of your Deposit Instruction.

#### SMA

Where an SMA Model Portfolio is terminated or redeemed in full any income received in the model portfolio will be transferred to your Cash Account.

## Top up

### Redemption Instructions %

Where we have suspended or stopped redemptions in a managed investment or where a managed investment is redeemed in full, the remaining investment options in your Redemption Instruction – Percentage will be used to fund the top up. Where all managed investment(s) in your Redemption Instruction – Percentage have been redeemed in full, your top up method will revert to the default option.

### Pecking Order

Where redemptions have been stopped or suspended in an investment option we may need to redeem from the next investment option in your pecking order. If there are no other managed investments listed in the pecking order, the Cash Account top up method will revert to the default option.

## Automatic Re-weight facility

You can establish an Automatic Re-weight instruction on your account. This will enable you to re-weight your investments and Cash Account according to a desired weighting percentage allocation. If you have authorised your financial adviser to do so, they can place or modify an Automatic Re-weight instruction on your behalf at any time.

The Automatic Re-weight occurs on the 20th day of the month (or nearest business day after the 20th) and you can **choose** the frequency on which you want it to occur from quarterly, half yearly or yearly.

### Important notes:

- In some instances, investment options that cannot be redeemed on a daily basis will not be able to be included in your Automatic Re-weight facility.
- Transaction minimums of \$200 per managed investment applies.
- Where an investment option has been redeemed in full by us or the investment manager, the percentage allocated against an investment option will be re-allocated to the other remaining eligible investments in your portfolio. Where you initiate a full redemption of an investment option you will need to update your Automatic Re-weight instructions.
- Where an SMA Model Portfolio is terminated by us or the model manager, any scheduled automatic re-weight will not proceed. You or your financial adviser will need to update your Automatic Re-weight facility instructions online.
- The Automatic Re-weight facility will exclude any income distributions reserved under the Automatic Income Distribution Facility (AIDF).

## Switching

Switching involves redeeming units from one or more of your existing investment options and purchasing units in other investment options selected by you. Your financial adviser can switch your investment options through Expand Online. Please ensure you have read the most recent PDS before making a switch.

Switching between investment options may give rise to a CGT liability which may reduce the value of your account. Please speak to a financial adviser or tax agent for more information.

A buy-sell spread may be incurred when switching between managed investments. See 'Transaction costs' on page 13 of the Offer Document and the PDS for the particular investment option for details.

### Important note:

- If you have a margin lending facility, you may need to contact your lender for approval before any transaction can proceed.

# Expand Online and mobile app

Managing your account online is a convenient, easy way to keep on top of things. Whether you want to view your balance or investment earnings or update your personal details, you can do so 24 hours a day using a single sign-on to access multiple accounts.

## Functions available online

By using Expand Online or the Expand mobile app, you can view your:

- account balance
- transaction history
- investments held
- BPAY details
- EFT details
- Standing Instructions
- portfolio reporting, including account return information across any period and detailed transaction listing.

In addition to the items listed above you can:

- update your personal details
- view communications that are made available electronically.

If you are investing in Expand Essential Investment as a trustee or director of an SMSF, trust or company, you will also be able to register for Expand Online and access the functionality listed above provided you have signed the application form or have been added as an authorised signatory.

Your financial adviser can provide you additional access to transact online by contacting ClientFirst to allow you to update your investment portfolio, update your tax optimisation method and initiate withdrawals to the nominated financial institution. Where you do not have a financial adviser you will receive this access automatically.

Also, your financial adviser has the following online transaction options including, but not limited to:

- buy and sell investment options
- adjust your Standing Instructions
- re-weight your portfolio or establish an Automatic Re-weight facility
- update your tax optimisation method
- update your contact details
- update your nominated financial institution for withdrawals
- initiate withdrawals to your nominated financial institution.

The Expand mobile app can be downloaded via selected mobile app stores.

Please note, under the current cyber threat landscape, certain regions of the world may be blocked to protect Insignia Financial Group's infrastructure, which will mean that certain investors connecting from the blocked regions may have restricted or no access to Expand Online and our mobile app.

## How to register for online access

You can register for online access once you have received your account number, which appears in your welcome pack. Visit [myexpand.com.au](https://myexpand.com.au) and click on the Login button and follow the prompts.

# Transaction processing

The following information details some timeframes that we strive to achieve, explains the factors that may influence the processing of transactions and the communications that you will receive or may obtain from us in regard to your account.

## Processing investments

We will normally commence processing a newly invested amount on the day of receipt or not later than the next business day, subject to any unforeseen circumstances.

Each amount will be first credited to your Cash Account before being invested in accordance with your Standing Instructions. This will normally be completed within five business days following the receipt of each investment.

## Regular Savings Plan

Direct debits will occur from your nominated account with a financial institution at the frequency you have chosen.

A new or change to an existing Direct Debit Request must be received at least five business days before the direct debit is due. If an application or change is not received within this timeframe, it may not be processed until the following month.

## Withdrawal instructions

Payment of a withdrawal request will normally be processed within 10 business days of receipt of your completed request (excluding investment options with extended redemption periods). If any units in the investment option(s) are required to be redeemed to action your withdrawal request, individual fund manager operations and processes may cause the payment of funds to be delayed.

Where you have a margin lending arrangement, withdrawal instructions on the account and withdrawal proceeds are generally only released to you subject to approval by the margin lender.

Where the proof of identity documentation you have provided us is no longer valid, we are required to carry out additional proof of identity procedures before processing a cash withdrawal. These requirements arise under the Commonwealth Government's *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)*. We are required to collect customer identification information and to verify it by reference to a reliable independent source. You will be notified of these procedures when you request a cash withdrawal. If you do not provide the information or we are unable to verify the information, payment may be delayed or refused.

Withdrawals can be credited directly to your nominated account with your financial institution. It is important to note that withdrawal payments can only be made in favour of the investor registered on the investment account.

## Investment transactions

Your request to invest, switch or redeem an amount from an investment option in your account must satisfy the minimum requirements at all times.

# Other general information

## Your instructions and communications

Instructions must be made in writing unless another facility for providing instructions is made available to you or your financial adviser by us. Your instructions may generally be scanned electronically except, for example, if they are instructions to change your name. Any changes (or corrections) to your personal details (for example changing your name by marriage) should be advised in writing to us as soon as possible (together with a certified copy of documentation verifying the name change).

You can change your address details over the telephone by calling ClientFirst on 1800 517 124 or by using Expand Online provided you satisfy our identification and verification requirements. Where you wish to update your postal address to a Post Office Box, a signed request is required.

## Your instructions to us

We will act in accordance with instructions from you, your financial adviser or your appointed representative.

If your account is held jointly, under a trust arrangement and there are multiple trustees (or held by a corporation with multiple directors) or in the name of a company or association with multiple directors or signatories you authorise us to accept instructions from any trustee or director to perform any action on your account (excluding the application form, the establishment of a Direct Debit Request, nominating a new financial institution or in any form where we specify that additional signatures are required).

However, please note, we are not required to affect any instructions if:

- it would make your account balance fall below the minimum holding requirement
- giving effect to the instruction is contrary to our agreement with you, a margin lender's instruction (if your account is being held as a security for a margin loan), the law or any market practice
- the instructions are incomplete or are, in our opinion, unclear
- you have not, or we suspect you have not, complied with the terms of Expand Essential Investment
- you do not have sufficient investments or funds in your Cash Account and we are unable to redeem sufficient assets for us to carry out the instruction
- we are not reasonably satisfied that the instructions are genuine
- you have not provided us with relevant documents or information we consider necessary to act on your instructions
- your participation in Expand Essential Investment is suspended or terminated.

When opening your account, all investors must sign the application form (including joint accounts). For an SMSF, Australian resident trust or company, all trustees or directors are required to sign the application form to ensure we can act on any relevant instructions. We may also act on instructions of a company secretary where they have been added as an authorised signatory.



## Electronic communications

We (as Service Operator) will use your email address to send electronic communications via Expand Online, including:

- your Annual, Tax and Exit Statements
- notices of certain changes or events, or confirmation of certain transactions, as required by law.

You will be able to access and download these communications at any time while you are a registered user of Expand Online. You can elect to always receive paper copies via Expand Online.

When a communication is available for you to access online, we will send a notification to your preferred email address. You will need to let us know your preferred email address when registering to join Expand Online and then tell us your new email address if it changes.

If your account is held under a trust arrangement, please provide the Trust's preferred email address for communications. Please note that any (or all) of the trustees or directors may register for Expand Online where they will be able to access the Trust's account, download copies of communications sent, and amend communication preferences; however, the trustee or director will not be able to alter the details of other trustees or directors.

By making these communications available to you electronically, we satisfy our obligations under the Corporations Act 2001. However, if you ever change your mind and would like paper copies of any of these communications, we will provide them to you free of charge on request.

## Terms and conditions for electronic communications

Where you elect to receive communications from the Service Operator electronically via Expand Online, you agree:

- to receive the communications by regularly accessing them using Expand Online
- to register or be registered and remain registered as a user of Expand Online
- any communication given to you electronically by making it available to you to access online will be taken to be delivery of the communication to you
- the Service Operator will send an email notification to your preferred email address when a communication is available for you to access online
- you have provided your preferred email address in your application and are responsible for notifying the Service Operator of any change to your preferred email address
- you will be able to access such communications at any time while you are a registered user of Expand Online
- you can download a copy of any such communication
- the Service Operator will send you a free paper copy of any communication you request
- Expand Online is a 'facility' for the purposes of *section 1017F(5) of the Corporations Act 2001*
- the Service Operator may give you any communication in any other method permitted by law.

## In the event of death

In the event of your death while you are an individual investor through Expand Essential Investment, your account will remain invested until we receive instructions from your Legal Personal representative. We may seek appropriate evidence to ensure that we carry out all of our legal obligations. Before making any payment we generally ask for:

- a copy of the grant of probate or letters of administration,
- a certified copy of the Death Certificate and the Will, and
- instructions from the executor of the estate.

In the event we are informed of your death:

- we will continue to deduct applicable administration fees and costs (including the Account Keeping Fee) as disclosed in the 'Fees and other costs' section of the Offer Document:
- individual accounts only – existing Advice Fees will cease and if charged will be refunded to your account to the beginning of the month of your death
- we will stop deducting insurance premiums (if applicable), and
- individual accounts only – regular withdrawal facilities will cease.

## Trusts (including SMSFs), companies and associations

What happens upon the death of an individual associated with the above account types will generally be governed by the terms of the trust deed, constitution or other governing document. We will continue to hold the existing assets and generally the account can continue to be operated by any surviving signatories.

## Joint accounts

Where you are a joint owner, ownership will be transferred to the surviving owner (or surviving owners) upon receipt of a certified copy of your Death Certificate. As a joint tenancy holding, on death of any investor the underlying investments will continue to be held by the surviving investor(s) automatically.

## Transferring external assets into your account

Any external assets that you currently hold may be able to be transferred into your Expand Essential Investment account.

You can transfer these assets into your Expand Essential Investment account by instructing us to do so in your application and completing a Standard Transfer Form.

## Exiting or changing your Expand Essential Investment account

You can terminate your account in Expand Essential Investment by giving us advance written notice.

We will complete any requested transactions before terminating your investment account. However, we are not obliged to do so if we suspect that you have not complied with the terms of Expand Essential Investment.

We may suspend or stop your participation through Expand Essential Investment by writing to you.

We have the right to alter Expand Essential Investment in any way (including the minimum holding requirements). We will, however, give you reasonable notice of any materially adverse changes before we make them, unless provided otherwise in this **Offer Document**.

Before suspending or stopping your investment or making materially adverse changes we will provide you with 30 days' notice.

**Important note:** The Administration fees and costs are payable until we cease to hold any assets on your behalf. Where you leave Expand Essential Investment prior to the date on which any fee would normally be payable, we will deduct that fee pro-rata from your final proceeds.

## Financial Adviser Authority

When you join Expand Essential you are taken to have automatically authorised your financial adviser and their staff (financial adviser), as your agent, to operate your account and to give any instructions on your behalf in relation to your account to us by any method acceptable to us, including electronically. This authority **does not authorise** your financial adviser to:

- withdraw any funds from your account except to authorise payment of withdrawals to the financial institution nominated by you (or any financial institution you nominate in future)
- authorise any change in fees and charges
- sign any form on your behalf where the law or an external party requires your signature on the form
- change the name on your account
- authorise any other person to operate your account.

Accordingly, your current or any future financial adviser you appoint can do everything you can do with your account except the things listed above. We will continue to follow instructions given by your financial adviser under this authority until we receive notice in writing signed by you to cancel the authority. If you have authorised your financial adviser to do so, your financial adviser may submit switch or re-weight instructions, authorise payment of withdrawals from your account to the financial institution nominated by you (or any financial institution you nominate in future) and establish or change Standing Instructions in relation to your account.

Your financial adviser may also be authorised to use our online portal to complete and submit on your behalf any forms which the Service Operator permits to be submitted electronically. For example, your financial adviser may submit a switch or re-weight instruction, or establish or change Standing Instructions on your behalf using our online portal.

Your financial adviser is required to provide you with a PDS for the investment options you choose to invest in. Alternatively, you can access the PDS for the available investment options through our website.

## How to appoint a representative to act on your behalf

You may also appoint a person, other than your financial adviser to operate your account (Authorised Representative). You could for instance appoint a spouse, relative, accountant or solicitor. Only you can authorise a representation to act on your behalf.

To authorise another person with authority to act on your behalf, simply complete the Authorised Representative Form. To cancel the authority of your nominated representative, you must give us prior written notice. The cancellation or appointment of a new representative will be effective once it has been received and recorded by us.

The appointed representative will be able to provide instructions on the account by any method acceptable to us. This authority does not authorise your representative to:

- withdraw and funds from your account except to authorise payment of withdrawals to the financial institution nominated by you (or any financial institution nominated in the future)
- change the nominated financial institution on the account
- authorise the change in fees and charges
- sign any form on your behalf where the law or an external party requires your signature on the form
- change the name on the account
- change an address associated with the account
- authorise any other person to operate the account.

You are responsible for anything that your representative does on your behalf.

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## Can I invest without a financial adviser?

Expand Essential is designed to be used with a financial adviser. If you decide to discontinue the relationship with your financial adviser you need to tell us.

If you do not have a financial adviser to act on your behalf, you are permitted to submit switch or re-weight instructions on investment options and establish or change investment instructions in relation to your account using Expand Online.

## Insurance in your Expand Essential Investment account (transferred clients only)

Where your account has been opened as a result of a transfer initiated by the Service Provider you may have insurance premiums deducted through your Expand Essential Investment account.

## Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF Act) requirements

We are required by law to carry out proof of identity procedures for investors opening an investment account in Expand Essential Investment. These requirements arise under the Commonwealth Government's *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)*.

Further information can be found in the **Offer Document** and below.

### Source of wealth and investment funds

Under AML/CTF Act laws, we are required to identify your source of funds and/or source of wealth for some deposits made into your investment account and may request proof.

### Document verification

We may seek to validate any government issued identity document (such as your driver's licence) that you provide for identity verification purposes. This may include providing your personal details such as name, date of birth and address and any identification document information to our service provider, who will crossmatch this with the Australian Government's document verification service (DVS). If you do not provide the required identification document when requested, the identification provided cannot be verified by DVS, or we are not satisfied as to your identity we may not be able to process your application.

### Foreign Account Tax Compliance Act and Common Reporting Standard

Australia participates in Automatic Exchange of Information (AEOI) under the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS) which require financial institutions, including the Service Operator, to identify and report information relating to investors who are a resident of a foreign jurisdiction) for tax purposes. This information is reported to the Australia Taxation Office (ATO) and will be exchanged with other participating countries. We are required by this law to ask investors who may be a foreign resident for tax purposes to supply additional identification and tax information to us.

## Your privacy

We are committed to protecting your privacy. Any personal information we collect about you (including your sensitive information, where authorised and required) will be handled in accordance with our privacy policy, which outlines how we manage your personal information, how you may access or correct your personal information, and how you may complain about a breach of your privacy. To obtain a copy of our privacy policy, please contact ClientFirst on 1800 517 124 or visit our website ([myexpand.com.au/privacy](https://myexpand.com.au/privacy)).

We collect your personal information from the application form you complete when applying for this service for the purpose of providing you with the products and services that you request and for related purposes, including providing you with financial advice and ongoing services in relation to your account with us, or providing information about other products and services that may be of interest to you. If you do not provide all the information requested in your application form, we may not be able to process your application.

To verify your identity for Know Your Customer purposes, we may also solicit personal information about you from reliable identity verification service providers.

For the purpose of providing you with products and services you have requested, we may disclose your information to our related bodies corporate or external parties, including your financial adviser or employer, banks or other financial institutions, medical professionals, insurers, legal or accounting firms, auditors, mail houses, or when required or authorised to do so by law. It is generally unlikely that we will disclose your personal information overseas, however any overseas disclosure does not affect our commitment to safeguarding your personal information and we will take reasonable steps to ensure any overseas recipient complies with Australian privacy laws.

## What if you have a complaint?

### Resolving Complaints

We value your feedback and we're committed to resolving any concerns you may have. If you have a complaint, our service representatives can usually resolve it quickly over the phone on 1800 517 124.

If you'd prefer to put your complaint in writing, you can email or send a letter using the contact details below.

Email: [clientfirst@myexpand.com.au](mailto:clientfirst@myexpand.com.au)

In Writing:

The Complaints Resolution Manager  
GPO Box 264  
Melbourne VIC 3001

An assigned case manager will conduct a fair review and provide you with a full response in writing.

### Further Help - The Australian Financial Complaints Authority (AFCA)

You can lodge a complaint with AFCA if you are not satisfied with our response or if your complaint has not been resolved within the maximum timeframe prescribed by the Australian Securities and Investment Commission (ASIC). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Telephone: 1800 931 678

In writing to: Australian Financial Complaints Authority,  
GPO Box 3  
Melbourne VIC 3001

Time limits may apply to complain to AFCA so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

## Key words explained

If you find some of the terms used in this Guide, the **Offer Document** or the **Investment Guide** difficult to understand, don't worry. This section helps explain some of the key terms that arise along the way. If you require further information or explanation of a term not covered in this Guide, please contact ClientFirst.

Key words	Key words explained
<b>Administration fee</b>	An administration fee is a fee that relates to the administration or operation of Expand Essential Investment.
<b>AML/CTF Act</b>	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)</i> , and all sub-ordinate legislation in respect of that Act, as amended from time to time.
<b>Annual Statement</b>	An annual statement of your account, including a transactions summary for the financial year and other prescribed information.
<b>Australian Financial Services Licence (AFSL)</b>	A licence issued by ASIC under the Corporations Act 2001 which among other things, permits the issuing of a financial product or the giving of financial advice.
<b>Business day</b>	A day other than a Saturday, Sunday or a public holiday in Melbourne.
<b>Buy-sell spreads</b>	A fee to recover the transaction costs incurred by you in relation to the sale and purchase of underlying investments.
<b>Capital gains tax (CGT)</b>	A tax applied on the increase in the value of an investment that may be payable upon the disposal of the investment.
<b>Certified copy</b>	A document that has been certified to be a true and complete copy of the original, by a person authorised to witness the signing of a statutory declaration under applicable Commonwealth or State legislation.
<b>Consent end date</b>	The date all ongoing Advice Fees will end if we have not received your consent to continue.
<b>Derivatives</b>	Contracts that call for money to change hands at some future date, where the amount depends on, or is derived from, another security, liability or index. For example, a contract might specify that one person can buy an item from the other at today's price in six months' time, regardless of the market price at that time.
<b>Financial institution</b>	A bank, building society or credit union.
<b>Goods and Services Tax (GST)</b>	A tax on the supply of goods and services.
<b>High-yielding securities</b>	High-yielding securities are investments in non-traditional debt assets that generally earn higher interest than traditional fixed interest securities. These securities may provide higher returns as they are generally regarded as being less secure than traditional fixed interest securities. As a result, there is potential for higher volatility and lower liquidity.
<b>Investment options with extended redemption periods</b>	Assets which either cannot be readily realised within 30 days, or where realising those assets within 30 days would have an adverse impact on their value.

Key words	Key words explained
<b>Legal Personal Representative</b>	The executor of your Will or the administrator of your estate.
<b>Managed Account</b>	A Managed Account is a professionally managed portfolio of investments. A Separately Managed Account is a type of Managed Account.
<b>Margin lending</b>	Borrowing money for investment purposes.
<b>Reduced input tax credits (RITC)</b>	Refers to a portion of the GST that can be claimed back from the ATO in certain circumstances.
<b>Separately Managed Account (SMA)</b>	A SMA is a registered managed investment scheme that allows you to access a number of professionally constructed portfolios of investments.
<b>SMA Model Portfolio</b>	Professionally managed model portfolios which can be accessed via the SMA.
<b>Switching</b>	The movement of monies between investment options (such as managed investments) and/or between the Cash Account and investment options. Switches between managed investments are processed as a redemption of units from one managed investment and the purchase of units in another managed investment from the available investment list.
<b>Target Market Determination (TMD)</b>	A Target Market Determination (TMD) is a document that a product issuer must issue for each financial product which describes the target market and key attributes of the product and details any conditions or restrictions on distribution of the product.
<b>Trading Day</b>	A trading day means Australian Securities Exchange (ASX) Trade is open for trading.
<b>Withdrawal</b>	This is a lump sum or regular payment made from your account, after allowing for fees and charges. These payments can be credited to your nominated account with your financial institution. Withdrawals are paid from your Cash Account.

## Contact us

If you have any questions about Expand Essential, please contact us:

Phone: 1800 517 124

Website: [myexpand.com.au](http://myexpand.com.au)

Email: [clientfirst@myexpand.com.au](mailto:clientfirst@myexpand.com.au)