

Smarter Money Higher Income Fund Assisted Investor Class

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mFund code: SMF02
ISIN code: AU60SLT00493
Assisted Investor APIR: SLT0052AU
Morningstar Ticker: 40536

Additional Information

Issued 29 September 2017

Before you start

This Additional Information relates to the Product Disclosure Statement dated 29 September 2017 (the **PDS**) for the Smarter Money Higher Income Fund (the **Fund**). The information in this document forms part of the PDS and should be read together with the PDS.

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

OneVue RE Services Limited (**OneVue, we** or **us**) is the responsible entity of the Fund and the issuer of the PDS and this Additional Information.

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

Numbering and headings in this Additional Information follow the numbering and headings in the PDS. Text which is materially the same is greyed, like this. Additional information is in normal black text.

LEARN MORE

Investors

Contact SMI on 1300 901 711 or the Administrator on 1300 133 451

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

Learn more about Smarter Money Higher Income Fund:

www.smitrust.com.au

Learn more about SMI:

www.smitrust.com.au

Learn more about mFund:

www.mfund.com.au

Find forms at the Download Centre:

www.smitrust.com.au

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

Smarter Money Investments

6. Fees and costs

DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (**ASIC**) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Smarter Money Higher Income Fund – Assisted Class

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee the fee to open your investment	Nil	Not applicable
Contribution fee the fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee the fee on each amount you take out of your investment	Nil	Not applicable
Withdrawal fee the fee to close your investment	Nil	Not applicable

Management costs		
The fees and costs for managing your investment		
Management Fees and Administration Fees	0.69% p.a. of the net asset value of the Fund including net GST	These are calculated and accrue daily, and are payable monthly in arrears. These fees are not negotiable.
Performance Related Fee	If earned, this is 22.5% of any amount by which the Fund outperforms the benchmark for this class, provided that performance has been higher than any previously achieved cumulative monthly performance level (details are below).	Payable to the Manager from the Fund as an expense, but only if the Fund exceeds certain performance levels. Entitlement is calculated each month. The fee accrues in the unit price through period. This fee is not negotiable.
Ordinary Expenses	Nil	All Ordinary Expenses are paid from the Management Fee and Administration Fee
Non-Ordinary Expenses*	Nil estimate	Any Non-Ordinary (if incurred) are paid from the Fund.
Service fees		
Switching fee the fee for changing investment options	Not applicable	Not applicable

Refer to our website for any updates.

All Management Fees and Administration Fees are calculated and accrue daily and are paid monthly in arrears out of the Fund's assets.

Management Fees and Administration Fees

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

Performance Related Fee

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

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

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

If the Manager successfully manages the Fund so as to outperform the Benchmark in any month as well as the High Water Mark, it is entitled to a performance fee. The performance fee is only ever

earned if both of these requirements are met. If earned, it is calculated daily and paid shortly after the end of each month. The fee accrues in the unit price through the month. Adjustments are made for applications, withdrawals and distributions through the month when doing the calculation.

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

Expenses

Investors bear the impact of certain expenses associated with the Fund. We only pay an expense from the Fund if it is incurred in the proper performance of our duties.

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

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

If incurred, expenses that are not Ordinary Expenses can also be paid from the Fund. These may include investment expenses such as brokers, custodial transaction costs, exit (or break) costs, legal or due diligence costs for any particular investment, investment transaction costs or unusual expenses such as investor meetings, dispute management, platform listing costs, change of responsible entity or termination of the Fund, as well as any GST impact on these services, which if they arise may be recovered from the Fund.

Occasionally, expenses which might otherwise be considered ordinary are of such a nature that we may deem them to be not ordinary.

Expenses are generally paid as incurred.

We and the Manager pay our respective personal costs. When expenses relate to related parties, these are always on at least arm's length terms. Many expenses have taxes and duties associated with them, such as GST and stamp duty, which are paid as part of the expense.

Indirect costs

This Fund has no indirect costs.

Advisers

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

Stockbrokers

Your stockbroker may charge you a fee to help you buy or sell units through mFund: ask them. The fee may for example be a fixed cost per application (for example, \$25, or could be an amount calculated on the amount you are buying or selling (if for example this was 0.25% and you invested \$1,000, the broking cost would be \$2.50)).

Government and other charges

Government fees, taxes and duties, as well as charges made by your financial institution (including dishonour fees), may also apply to investments and withdrawals, and these are payable from your investment. Stamp duty is can be payable if you transfer your units in the Fund to someone else.

Deductions

We may deduct from any money payable to you, or adjust the value of assets to be transferred, for any money due to us (as trustee or in any other capacity) by you or any money we (as trustee or in any other capacity) owe someone else relating to your investment (for example, to the tax office or someone who has lent you money to invest like a margin lender). If the Fund is terminated and wound up, then any amount or value to be distributed to you may be reduced for moneys owed or unpaid.

Transactional and operational costs

These are costs associated with making the Fund's investments. They include:

- the Sell Spread, and
- other transactional and operational costs

The Sell Spread seek to ensure investors are treated fairly when investors leave the Fund. The exit price is made 0.10% lower. It is an adjustment to take account of certain transactional costs the Fund must pay to realise investments to pay those leaving. In this fund, if a person withdraws \$1,000 in the Fund then a sell spread \$1.00 would apply, in effect as an additional cost to them. This money is retained in the Fund and is not paid to us or to the Manager. The Sell Spread compensates the Fund for, or offsets the impact on investors on a continuing basis for certain transactional and operational costs.

Transactional and operational costs are payable from the Fund and vary from year to year. Transactional and operational costs for this fund include brokerage and any spread or break costs charged by the Fund's investments. Many are in effect offset by the Sell Spread.

For the last complete (or as relevant part) financial year, those not offset totalled 0.19% pa of the net asset value of the Fund. Based on the \$50,000 fees and costs example below, this would add \$95 to the annual cost of your investment.

Tax

The Fund does not usually pay tax. You will usually pay tax in relation to your investment. See the section How managed investment schemes are taxed for details.

Payments to others

Neither we nor the Manager makes payments to any person (including your adviser or stockbroker) to distribute the Fund unless law allows. The law restricts payments by us and the Manager to other AFSL holders which are 'conflicted'. Subject to law, we and the Manager may make payments to others associated with the Fund.

Negotiating fees and costs

The law regulates with whom we can negotiate fees. We are not usually allowed to negotiate fees with investors who are retail clients (as the Corporations Act defines this) but we can do so for our employees and those of a related body corporate. We may also negotiate fees on an individual basis with wholesale clients (as the Corporations Act defines this) but there is no obligation for us to do so. See the tables above as to what fees, if any, are negotiable.

We aim to invest on the best terms possible. If the Fund invests on an institutional basis, we aim to secure fee reductions. Often paid by a rebate, these amounts are paid into the Fund for the benefit of all investors.

We do not charge you twice

SMI's intention is that if the Fund invests into any other SMI fund which may be established, we ensure that Management Fees payable to SMI are charged only once. We would generally do this by way of a rebate.

YBR group entities may take Performance Fees in both funds, and because all funds have administration costs, we do not rebate any Administration Fees charged by us to those funds (these pay for the costs of running these funds).

Platform investors

Fees and costs relating to the Fund which are borne by platform investors may be less, or calculated differently. The operator of your platform may also charge you fees and expenses. It follows that your overall costs could be more or they could be less. Speak to the operator of your platform or to your adviser or stockbroker

Changes

Our fees are not indexed. However, we may change the fees and costs without your consent. You will receive at least 30 days' notice of any increase (often we will send you a revised PDS). In any case, you cannot be charged more than the Fund's constitution allows. Maximums are set out in the constitution, available free from us. Changing a maximum in the constitution requires investor approval.

Example of annual fees and costs

This table gives an example of how the fees and costs for the Fund can affect your investment over a one-year period. You should use

this table to compare the Fund with other managed investment products. It is important to read the assumptions and notes below the table.

Smarter Money Higher Income Fund – Assisted Class		
		Balance of \$50,000 including a contribution of \$5,000 during the year
Entry Fees	Nil	For every additional \$5,000 you put in, you may be charged a \$nil entry fee.
PLUS Management Fees and Administration Fees	0.69% pa	And, for every \$50,000 you have in the Fund you will be charged \$345 each year.
PLUS Performance Related Fee	Nil - 0.41% pa estimate	And, for every \$50,000 you have in the Fund you will be charged \$205 each year.
PLUS Ordinary Expenses	Nil	And, for every \$50,000 you have in the Fund you will be charged \$nil each year.
PLUS Unusual expenses	Nil estimate	And, for every \$50,000 you have in the Fund you will be charged \$nil each year.
EQUALS Cost of the Fund		If you put in \$50,000 at the beginning of the year and your balance was \$50,000, then you would be charged fees of up to \$550 each year.

Remember fees and costs will vary, estimates may prove to be incorrect and non estimated figures are based on the past. The past can be an unreliable predictor of the future. This example assumes the \$5,000 contribution was made at the beginning of the year, as part of the \$50,000 investment, no other investments or any withdrawals or distributions were made through the year, the investment balance remained unchanged and there were no expenses that were not Ordinary Expenses. Platform, transactional and operational costs are not included in this example.

Further information

Investors

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

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www.mainstreambpo.com.au

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

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

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