

# Ibbotson **Alternative Trusts**

## **Product Disclosure Statement**

1 June 2011

- 
- ▶ **Multi-manager**
  - ▶ **Access to specialist investment managers**
  - ▶ **Alternative strategy investment portfolios**
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The issuer and Responsible Entity is:  
IOOF Global One Limited  
ABN 54 093 415 251 AFS Licence No. 234432

**Important notes:**

This Product Disclosure Statement (PDS) is an important document that should be read before making a decision to invest in the Ibbotson Alternative Trusts (Trusts).

In particular, you should read this PDS carefully and:

- ▶ assess whether the investment is appropriate for you before making a decision to acquire units in the Trusts;
- ▶ evaluate the taxation implications of investing in the Trusts; and
- ▶ consider talking to financial and tax advisers before making an investment decision.

The information contained in this PDS is general information only and is not intended to take into account your own personal objectives, financial situation or particular needs. You should read this PDS in its entirety carefully and assess whether the product is appropriate for you and discuss this with your financial adviser before you make an investment decision. In any event, the information in this PDS is not intended to contain any recommendations, statements of opinion or advice. It has been prepared to assist you to compare this product to others you may consider.

This PDS and the offer of units in the Trusts are available only to Australian and New Zealand resident investors receiving this PDS (including electronically) in Australia and New Zealand. Other applications will not be accepted. New Zealand Investors should refer to the 'Important Information for New Zealand Investors in the Trusts' statement on page 39 of this PDS.

In this PDS reference to a New Zealand Investor will refer to the investment or reporting service provider that applies for and becomes the registered holder of units. Individual investors who are clients of an investment or reporting service do not have a direct relationship with the Responsible Entity. Individual investors have their direct investment relationship with the investment or reporting service and the Responsible Entity will treat the nominee of the relevant investment or reporting service as the actual investor for the purposes of this offer.

If you are printing an electronic copy of this PDS you must print all pages including the application form and any supplementary documents (if applicable). If you make this PDS available to another person, you must give them the entire electronic file or printout, including the application form and any supplementary documents (if applicable). You can obtain a paper copy of this PDS (and any supplementary documents if applicable) free of charge by contacting Ibbotson Associates Australia Limited (Ibbotson).

Units in the Trusts can only be issued if you use an application form attached to either a paper or electronic copy of this PDS or for additional investments, another method agreed with us.

If you are selecting one or more of the Trusts through an Investor Directed Portfolio Service (IDPS), please refer to your IDPS operator or your financial adviser for information on how to invest in the Trusts. Please also refer to page 40 for information for Indirect Investors. The Responsible Entity consents to the use of this PDS by IDPS Operators who include the Trusts on their investment menus.

The value of your investment may rise and fall, and at times your returns may be negative. Neither Ibbotson, Morningstar, the Responsible Entity, nor any of their related companies, directors, officers, any of their service providers or the investment managers appointed by the Responsible Entity guarantee that your investment will appreciate in value or retain its value, guarantee the repayment of capital or guarantee the performance of any of the Trusts. Investments in the Trusts are subject to investment risks including possible delays in repayment and loss of income or of capital invested.

The issue of this PDS is authorised solely by the Responsible Entity. Apart from the Responsible Entity, no other person or company (whether or not related to the Responsible Entity) is responsible for any statement or information contained in this PDS.

IOOF Global One Limited (IGOL) is currently the Responsible Entity of the Trusts. Subject to unit holder support, on 30 June 2011, IOOF Global One Limited will retire as the Responsible Entity and IOOF Investment Management Ltd (IIML) will be appointed as the new Responsible Entity of the Trusts. From this date, any references in this PDS to the Responsible Entity should be read as a reference to IIML. Both IOOF Global One Limited and IIML are wholly owned entities within the IOOF Group. The parent company, IOOF Holdings Ltd, is listed on the Australian Securities Exchange. Unit holders will be notified if this proposed change does not proceed. The proposed timing of the retirement of the Responsible Entity and information on the manner of the retirement will be made available on the Ibbotson website at [www.ibbotson.com.au](http://www.ibbotson.com.au)

The Responsible Entity is, amongst other things, responsible for complying with the Corporations Act 2001, the Constitutions and the compliance plans (see page 29), and for acting in the best interests of unitholders. The Responsible Entity may also use the services of related and third parties to perform its duties.

The Responsible Entity has entered into an investment management agreement with Ibbotson under which the Responsible Entity delegates the day to day investment management and operation of the Trusts to Ibbotson.

Ibbotson is the Investment Manager of the Trusts (and agent for the Responsible Entity) and has consented to being referred to as such throughout this PDS. Ibbotson is a Morningstar company. Morningstar has consented to being referred to through-out this PDS.

Ibbotson is entitled, under the investment management agreement, to require the Responsible Entity to retire as Responsible Entity of any of the Trusts. In that case, a meeting of unitholders in the relevant Trust(s) would be called in accordance with the Corporations Act 2001 to vote on the issue and appoint a replacement responsible entity.

A custodian has been appointed to hold and maintain certain Trust assets as agent of the Responsible Entity. The Responsible Entity reserves the right to change the custodian.

Certain Trusts are benchmarked against market indices provided by third party information providers. There is no association or relationship between the Trusts or the Responsible Entity and these third party information providers. The Trusts are not sponsored, endorsed, issued, distributed or promoted by any third party information providers in any way.

Information set out in this PDS is subject to change from time to time. Information not materially adverse to investors in the Trusts may be amended without issuing an updated or supplementary PDS. You can find this updated information on Ibbotson's website at [www.ibbotson.com.au](http://www.ibbotson.com.au). You will be provided with a paper copy of any updated information free of charge, on request. You can also find further information on Ibbotson's website about anti-money laundering (AML) forms and terms used in this PDS in relation to AML obligations which are incorporated by reference into this document. Unless stated otherwise, all fees are inclusive of GST after taking into account any expected reduced input tax credits.

All monetary amounts referred to in this PDS are in Australian dollars, and all telephone numbers are Australian numbers (unless otherwise specified).

You should retain a copy of this PDS and any other supplementary material for future reference. You should consider all current information when making an initial investment or ongoing investment in the Trusts.

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## About Ibbotson Associates

Ibbotson is a leading provider of Australian investment portfolio solutions, backed by capital markets and investment manager research. The company advises and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals.

Ibbotson delivers innovative investment solutions to help investors reach their financial goals, as well as providing independent investment thought leadership. Ibbotson forms part of Ibbotson Associates, Inc. which was founded in 1977 and is a Morningstar company. Morningstar is a leading provider of investment research. Ibbotson Associates, Inc. is a highly respected thought leader in the areas of asset allocation, portfolio consultation and retirement advice provision in the United States and other international markets.

Through the Ibbotson Alternative Trusts, Ibbotson manage a range of single sector, alternative strategy and diversified investment portfolios.

## Definitions in this PDS

**'AFS Licence'** means Australian Financial Services Licence.

**'ASIC'** means the Australian Securities and Investments Commission.

**'Alternative Investments'** Ibbotson considers alternative investments to be any asset class or investment strategy which behaves differently to traditional asset classes (i.e. listed equities, listed property, fixed interest and cash). The more commonly known alternative investments include hedge funds, infrastructure and commodities.

**'Basket of Investments'** means the notional portfolio of global trading strategies or hedge fund investments and cash on which the economic returns of a Total Return Swap are based.

**'Business Day'** means any day other than Saturday and Sunday during which banks are open for general banking business in the state of New South Wales.

**'CGT'** means Capital Gains Tax which is the tax you pay on any capital gains.

**'Constitutions'** means the Constitution of the Ibbotson Global Trading Strategies Trust dated 14 March 2007 or the Ibbotson Alpha Strategies Trust dated 25 June 2007, as amended from time to time, or the Constitutions of all of the Schemes, as the context indicates.

**'Direct Investor'** is a wholesale investor as defined in section 761G of the Corporations Act 2001 or a Staff Investor.

**'GST'** means Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999 and in New Zealand as defined in the Goods and Services Tax Act 1985.

**'Ibbotson'** means Ibbotson Associates Australia Limited ABN 54 071 808 501, AFS Licence No. 228986, the Investment Manager of the Trusts.

**'Ibbotson Alternative Trusts'** means all of the following trusts:

- ▶ Ibbotson Global Trading Strategies Trust
- ▶ Ibbotson Alpha Strategies Trust

**'IDPS'** means a master trust, wrap account, investor directed portfolio service or similar product.

**'Indirect Cost Ratio'** means the ratio of a Trust's management costs, that are not deducted directly from a unitholder's account, to the Trust's total average net assets.

**'Indirect Investor'** is an investor who gains exposure to the Trusts through an IDPS.

**'IOOF Global One Limited'** or **'the Responsible Entity'** means IOOF Global One Limited ABN 54 093 415 251, AFS Licence No. 234432, the issuer of this PDS, the issuer of units in the Trusts and the Responsible Entity of the Trusts.

**'IOOF Investment Management Ltd'** or **'IIML'** means IOOF Investment Management Ltd ABN 53 006 695 021, AFS Licence No. 230524. Subject to unit holder support, on 30 June 2011, IOOF Global One Limited will retire as the Responsible Entity and IIML will be appointed as the new Responsible Entity of the Trusts. From 30 June 2011, any reference to IOOF, the Responsible Entity or IIML in this PDS should be read as a reference to IOOF Investment Management Ltd as the issuer of this PDS, the issuer of units in the Trusts and the Responsible Entity of the Trusts.

**'Macquarie'** means Macquarie Bank Limited.

**'Morningstar'** means Morningstar Australasia Pty Ltd, ABN 95 090 665 554, AFS Licence No. 240892, the parent entity of Ibbotson.

**'NAV'** means the Net Asset Value of a Trust and is the value of all assets of the Trust less liabilities of the Trust (excluding any amount representing the value of the investors' interests in the Trust or rights attaching to units, unless they have become due and payable to the relevant investor, regardless of whether characterised as equity or debt in the accounts of the Trusts) and is calculated in accordance with the Constitution of the Trusts.

**'New Zealand Investor'** means someone receiving the offer in relation to the Trust(s) in New Zealand who is a New Zealand resident and who applies for units in the Trust(s) either as an investment or reporting service, such as a wrap account, nominee, or custody service or as an individual who invests via an investment or reporting service, such as a wrap account, nominee, or custody service, in respect of which Ibbotson and the relevant service operators have entered into an agreement.

**'PDS'** means this Product Disclosure Statement.

**'RITC'** means Reduced Input Tax Credit as defined in A New Tax System (Goods and Services Tax) Act 1999.

**'RTGS'** means Real Time Gross Settlement whereby settlement of payments occurs simultaneously with delivery of payments (i.e. in real time) for full value of each payment.

**'Staff Investor'** is an investor who is an employee as defined by Ibbotson internal human resource policies and procedures governing its staff investment program.

**'SPDS'** means Supplementary Products Disclosure Statement.

**'TFN'** means Tax File Number.

**'Trusts'** means the Ibbotson Alternative Trusts.

**'Total Return Swap'** is the term given to a derivative contract and other documentation between the Responsible Entity and the applicable counterparty (currently Macquarie Bank Limited) under which the Ibbotson Global Trading Strategies Trust or Ibbotson Alpha Strategies Trust (as the case may be) is provided with exposure to economic returns linked to a Basket of Investments in return for the payment of an agreed cash flow.

**'Transaction Day'** means the last Business Day of each month.

**'you'** or **'your'** means an investor or prospective investor in the Trusts.

## Key Features

The Ibbotson Alternative Trusts have the following key features:

	<b>Ibbotson Global Trading Strategies Trust</b>	<b>Ibbotson Alpha Strategies Trust</b>
Investment objective <sup>1</sup>	To maximise performance relative to the benchmark over rolling 5 year periods.	To maximise performance relative to the benchmark over rolling 5 year periods.
Investment strategy	<p>The Trust offers exposure to a diversified portfolio of hedge funds that seek to generate returns from active management rather than through passive market exposure.</p> <p>The underlying funds invest using strategies across the global equity, bond, credit, currency and commodity markets. Strategies pursued include both systematic and discretionary trading as well as systematic trend following. The bulk of the underlying funds rely on the relationships between global asset markets in order to generate returns.</p> <p>The Trust will generally have exposure to between 3 and 10 managers.</p> <p>Exposure to these strategies is achieved via a fully collateralised Total Return Swap.</p>	<p>The Trust offers exposure to a diversified portfolio of hedge funds that seek to generate returns from active management rather than through passive market exposure.</p> <p>The underlying funds invest using strategies across the global equity, bond, credit, currency and commodity markets. Strategies pursued include equity long/short, credit long/short, event-driven, macro and market neutral. The bulk of the underlying funds rely on individual security selection with asset markets to generate their returns.</p> <p>The Trust will generally have exposure to between 15 and 25 managers.</p> <p>Exposure to these strategies is achieved via a fully collateralised Total Return Swap as well as a direct investment in the Ibbotson Global Trading Strategies Trust.</p>
Benchmark	UBS Australian Bank Bill Index	UBS Australian Bank Bill Index
Risk profile <sup>2</sup>	High	Medium
Investment time horizon <sup>3</sup>	5 years	5 years
Inception date	30 Apr 07	28 Sep 07
Funds Under Management at 31 March 2011 <sup>4</sup>	\$101.4 million	\$158.0 million
APIR Code	INT0089AU	INT0098AU
ARSN	124 464 704	126 314 538
Total Return Swap	Exposure to the economic returns of a Basket of Investments via a fully collateralised Total Return Swap with a five year term (expiring in April 2012).	Exposure to the economic returns of a Basket of Investments via a full collateralised Total Return Swap with a five year term (expiring in March 2014).
Liquidity	Exposure to investments which offer limited liquidity.	Exposure to investments which offer limited liquidity.
Leverage	The Investment Manager does not intend to use leverage to magnify returns at the Trust level although leverage, or borrowing, is available to manage the liquidity and foreign exchange exposure of the Trust. The Trust is exposed to strategies that may use leverage to magnify returns.	The Investment Manager does not intend to use leverage to magnify returns at the Trust level although leverage, or borrowing, is available to manage the liquidity and foreign exchange exposure of the Trust. The Trust is exposed to strategies that may use leverage to magnify returns.
Currency management	Foreign exchange exposure will be substantially hedged.	Foreign exchange exposure will be substantially hedged.
Management costs	<p>Management fee: 1.23% pa</p> <p>Performance fees: 10.25% of the return above the Trust's benchmark.</p>	<p>Management fee: 1.23% pa</p> <p>Performance fees: 10.25% of the return above the Trust's benchmark.</p>

	<b>Ibbotson Global Trading Strategies Trust</b>	<b>Ibbotson Alpha Strategies Trust</b>
Unit prices	Monthly unit prices.	Monthly unit prices.
Applications: minimum	\$500,000	\$500,000
Applications: frequency	Applications can be made at month end, subject to one month's notice.	Applications can be made at month end, subject to one month's notice.
Redemptions: minimum balance, lock-up period and frequency	<p>The minimum initial and ongoing investment balance is \$500,000 and redemptions that result in a unitholder having a balance below that amount may result in the unitholder being redeemed in full.</p> <p>There is a lock-up period of 12 months from the date that an application is transacted.</p> <p>Redemption requests must be received one month prior to a month end and are processed using the unit price on the last Business Day of the relevant month, subject to the 12 month lock-up period.</p>	<p>The minimum initial and ongoing investment balance is \$500,000 and redemptions that result in a unitholder having a balance below that amount may result in the unitholder being redeemed in full.</p> <p>There is a lock-up period of 12 months from the date that an application is transacted.</p> <p>Redemption requests must be received three months prior to a calendar quarter end and are processed using the unit price of the last Business Day of the relevant quarter, subject to the 12 month lock-up period.</p>
Distributions	Except for termination or partial realisation of the Total Return Swap, it is not expected that the Trust will make distributions. If there is a distribution, it will be automatically reinvested as additional units in the Trust.	Except for termination or partial realisation of the Total Return Swap, it is not expected that the Trust will make distributions. If there is a distribution, it will be automatically reinvested as additional units in the Trust.
Key benefits	<p>High conviction portfolio construction</p> <p>Exposure to leading global hedge funds</p> <p>Complementary source of returns for portfolios invested in equities and fixed income</p> <p>Adds a new source of returns that may not be present in an existing diversified portfolio</p> <p>Diversification benefit in periods of negative equity market returns</p> <p>Low correlation to traditional asset classes</p>	<p>High conviction portfolio construction</p> <p>Exposure to leading global hedge funds</p> <p>Complementary source of returns for portfolios invested in equities and fixed income</p> <p>Adds a new source of returns that may not be present in an existing diversified portfolio</p> <p>Diversification benefit in periods of negative equity market returns</p> <p>Low correlation to traditional asset classes</p>
Key risks	<p>Counterparty risk</p> <p>Liquidity risk</p> <p>Leverage risk</p>	<p>Counterparty risk</p> <p>Liquidity risk</p> <p>Leverage risk</p>

**Notes**

1. Investment objective is expressed net of underlying manager fees but before our management and performance fee, expense recoveries and taxation, i.e. performance is measured relative to the benchmark before fees and costs and taxes are deducted. Please refer to pages 16–22 for details on fees and costs and pages 23–28 for details on taxation. The investment objective is not intended to be a forecast. It is merely an indication of what the Trust aims to achieve over the medium to long-term. A Trust might not be successful in meeting its investment objective. Returns are not guaranteed.
2. Risk profiles help to understand where each Trust is positioned on the risk/return spectrum.
3. This is the recommended investment timeframe. Please note that for the Ibbotson Global Trading Strategies Trust and the Ibbotson Alpha Strategies Trust, a 12 month lock-up period applies to all monies you invest in the Trust, from the date you purchase each unit. This means, that you will not be able to redeem during the first 12 months for each unit you purchase. Please refer to the section 'Liquidity risk' on page 15 for more information.
4. Funds Under Management as at 31 March 2011 is calculated based on NAV.

## Ibbotson Alternative Trusts

The Ibbotson Alternative Trusts are registered Managed Investment Schemes (MIS's) that are designed to provide investors with exposure to alternative strategies. The Trusts have been designed to complement investments in traditional diversified portfolios by providing exposure to alternative strategies with the aim of enhancing investment returns and reducing the overall risk of a diversified portfolio.

Alternative strategies are defined as active investment strategies with returns that are expected to behave differently to equity and bond returns over the medium to long term. They may utilise hedging, short selling, leverage, investment in securities outside conventional benchmark indices and other strategies that result in returns that do not closely track equity and bond returns. The majority of these strategies are typically used by managed investment schemes commonly referred to as hedge funds which have redemption terms, fees, legal structures and other features not commonly found in traditional equity and bond funds.

A description of each Trust is outlined below:

### Ibbotson Global Trading Strategies Trust

The Trust offers exposure to a diversified portfolio of hedge funds that seek to generate returns from active management rather than through passive market exposure. The underlying funds invest using strategies across the global equity, bond, credit, currency and commodity markets. Strategies pursued include both systematic and discretionary trading as well as systematic trend following. The bulk of the underlying funds rely on the relationships between global asset markets in order to generate returns. The Trust is designed to generate risk adjusted returns that are superior to those generated by the global equity and bond markets.

The Trust gains exposure to the underlying investments via a Total Return Swap. The Trust may also invest in the Ibbotson Cash Trust. Refer to the Ibbotson Investment Trusts Product Disclosure Statement dated 1 June 2011 for more information on the Ibbotson Cash Trust and pages 10–11 for more information on the Total Return Swaps.

### Ibbotson Alpha Strategies Trust

The Trust offers exposure to a diversified portfolio of hedge funds that seek to generate returns from active management rather than through passive market exposure. The underlying funds invest using both directional and non-directional strategies across the global equity, bond, credit, currency and commodity markets. Strategies pursued include equity long/short, credit long/short, event-driven, macro and market neutral. The bulk of the underlying funds rely on individual security selection with asset markets to generate their returns. The Trust is designed to generate risk adjusted returns that are superior to those generated by the global equity and bond markets.

The Trust gains exposure to the underlying investments via direct investment in the Ibbotson Global Trading Strategies Trust and via a Total Return Swap. The Trust may also invest in the Ibbotson Cash Trust. Refer to the Ibbotson Investment Trusts Product Disclosure Statement dated 1 June 2011 for more information on the Ibbotson Cash Trust and pages 10–11 for more information on the Total Return Swaps.

## Benefits of the Ibbotson Alternative Trusts

Alternative Investments in general, and hedge funds in particular, are increasingly being seen as an integral part of a diversified portfolio and are being used by a large number of sophisticated global investors in their investment portfolios.

The benefits of including hedge funds in an investment portfolio can include:

Hedge funds are expected to provide:

- ▶ Better performance during periods when equity markets perform poorly since hedge funds are able to employ hedges and use derivatives to protect capital when markets fall, thereby cushioning the impact of both normal market sell-offs as well as more serious market dislocations.
- ▶ Lower correlation to traditional asset classes since hedge funds do not have to rely on markets rising in order to generate positive returns. Hedge funds are also not constrained by having to be fully invested at all times, for instance if there is a lack of opportunity or pockets of over-valuation, the hedge fund is able to hold large amounts of cash or may hold outright short positions.

Since hedge funds are not constrained by having to track an index, they are able to exploit discrepancies between observed market values and the hedge fund's perception of value which means that they can have larger positions when they have high conviction and no positions at all when conviction levels are low.

This is expected to result in superior risk-adjusted returns due to improved downside protection as well as exposure to new asset classes and investment styles.

The benefits of including the Trusts in an investment portfolio can include:

The Trusts provide investors with:

- ▶ Access to a diversified portfolio of leading global hedge funds that are not easily accessed and would be difficult to replicate since many of the hedge funds underlying the Trusts are closed to new investors.
- ▶ Diversification of their hedge fund investment – since many hedge funds have relatively high minimum investment amounts (often over \$5m), it requires a substantial amount of capital to build a diversified portfolio of hedge funds. By investing in the Trusts you are able to invest in a spread of managers without needing to meet their minimum investment requirements.
- ▶ Reduction of single manager risk due to investing in a carefully constructed portfolio of underlying funds.
- ▶ Access to scale and investment expertise as Ibbotson's investment professionals are experienced in manager selection and monitoring, portfolio construction, asset allocation and investment administration.

## Ibbotson's investment approach

### Investment management

Ibbotson follows a rigorous investment discipline, building on its beliefs which involves a continual process of analysis and identification, selection, capital allocation, implementation and review in order to deliver on its investment objectives.

### Authorised investments

The Ibbotson Global Trading Strategies Trust invests via a Total Return Swap to provide investors with exposure to the returns of a diversified multi-manager global trading strategies portfolio.

The Ibbotson Alpha Strategies Trust invests via a Total Return Swap and also holds a direct investment in the Ibbotson Global Trading Strategies Trust and will provide investors with exposure to the returns of a diversified multi-manager hedge fund portfolio

These Trusts are also permitted, subject to law, to invest in any investment or asset class including companies and Managed Investment Schemes domiciled in Australia and overseas that hold a broad range of investments including swaps, notes, futures contracts, options and forward contracts for commodities, foreign exchange, fixed income and equity market indices.

### Ethical statement

Ibbotson does not explicitly take into account labour standards or environmental, social or ethical considerations when making investment decisions for the Trusts or when appointing or monitoring investment managers. The investment managers selected are not required to take any such considerations into account when making their investment decisions, but this approach may change in the future.

## Total Return Swaps

The Trusts each use a separate Total Return Swap to deliver the returns of the hedge fund strategies to investors. A Total Return Swap is a derivative contract which provides economic returns linked to a Basket of Investments in return for the payment of an agreed cash flow. The Total Return Swap allows the relevant Trust to receive returns based on the performance of the underlying investments, but the Trust does not own those investments.

Currently, Macquarie is the counterparty for the Total Return Swaps. Under the Total Return Swaps, the counterparty is required to pay the relevant Trust an amount referenced to any increase in the value of the Basket of Investments and the Trust is required to pay the counterparty an amount referenced to any decrease in the value of the Basket of Investments plus certain costs (see 'Additional explanation of fees and costs' on page 19). The overall effect of the Total Return Swap is that the Trust derives the same return as if it had invested directly in the investments comprising the Basket of Investments after adjustment for fees and costs.

The underlying investment of the Total Return Swap is a 'notional' Basket of investments, because neither the relevant Trust nor the counterparty is legally required to hold the Basket of Investments comprised in the Total Return Swap. Ibbotson or the Responsible Entity can request changes to the composition of the Basket of Investments, the amount of the deposit and the amount of leverage. These changes can only be made with the consent of the counterparty. Each Total Return Swap will reference a different Basket of Investments. The counterparty, at its discretion, may or may not invest directly in the investments specified for the Basket of Investments. In practice, it may choose to invest in a similar portfolio to hedge its obligations under each Total Return Swap.

Payments under the Total Return Swap are made in Australian dollars and the underlying investments in the Basket of Investments may be denominated in foreign currencies. Each Total Return Swap therefore includes a mechanism which allows the Trust to hedge its exposure to the foreign currencies, so that it receives a return in Australian dollars.

If a distribution is paid by an underlying investment represented in the Basket of Investments, that amount will be reflected in the Basket of Investments. Any distributions from the relevant Trust will be decided separately. Refer to pages 30–31 for more information on how distributions are determined and paid.

Each Trust has the option to withdraw funds from the Basket of Investments, including if required to pay management costs (such as the Management Fees) or to fund a redemption request. These costs may also be funded by increasing the leverage under the relevant Total Return Swap. Refer to pages 15 and 22 for more information on leverage and the associated risks.

The Total Return Swap held by each Trust allows notional leverage, or borrowing, up to a limit of 40% of the face value of the Basket of Investments for the Ibbotson Global Trading Strategies Trust and up to 20% of the face value of the Baskets of Investments for the Ibbotson Alpha Strategies Trust (subject to conditions set by the counterparty). Leverage may be used in one of three ways (or as otherwise agreed with the counterparty):

- ▶ borrowing to invest more in the underlying investments in the Basket of Investments; or
- ▶ borrowing to meet short term liquidity needs of a Trust; or
- ▶ borrowing to meet foreign exchange losses arising within the Total Return Swaps.

The Trusts which invest via a Total Return Swap intend to only use leverage to meet short term liquidity and foreign exchange needs. The Trusts do not intend to use leverage to magnify the Trust's return.

Each Total Return Swap is valued regularly, taking into account factors including the most recent valuations of the Basket of Investments, the level of outstanding leverage and currency hedges and the various allowances for costs under the Total Return Swap. Refer to page 35 for information on the valuation of the Trusts.

At the commencement of a Total Return Swap, the relevant Trust will deposit an amount with the counterparty equal to the initial face value of the Total Return Swap. The deposit is not Australian government guaranteed and each Trust is an unsecured creditor of the relevant counterparty. Ibbotson selects Total Return Swap counterparties with a minimum credit rating of 'A' from an approved rating agency. Each Trust may also make additional deposits from time-to-time if it wishes to increase the amount of the Total Return Swap. This deposit earns interest for the Trust which is set off against the payment obligations of the Trust under the Total Return Swap.

The Total Return Swaps each run for five years (expiring in April 2012 for the Ibbotson Global Trading Strategies Trust and March 2014 for the Ibbotson Alpha Strategies Trust). A Total Return Swap may be terminated early in the following circumstances:

- ▶ by agreement between the Responsible Entity and the counterparty;
- ▶ if certain events of default or termination events that are common early termination triggers in the derivatives market occur;
- ▶ by the counterparty if certain specified events which relate primarily to the Responsible Entity, the relevant Trust and the composition and performance of the underlying investments occur (including the failure to comply with any investment guidelines agreed between the Trust and the counterparty) and by the Responsible Entity for any reason.

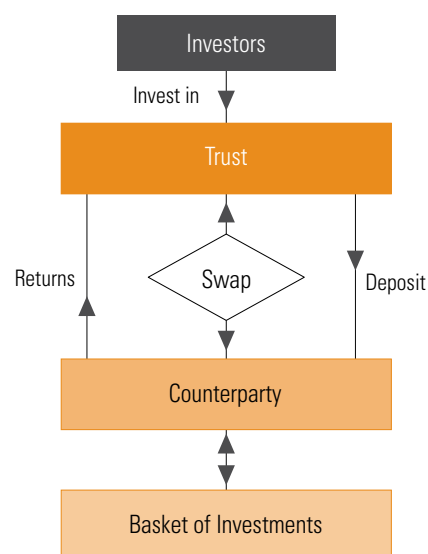
The Responsible Entity's early termination right is intended to give Ibbotson and the Responsible Entity the flexibility to change the relevant Trust's investments if Ibbotson believes an alternate strategy will better achieve the Trust's objectives.

If there is an early termination of a Total Return Swap, the relevant Trust may incur costs associated with early termination such as, the cost of closing out currency hedges, any specific termination fees and certain penalties for early redemption levied by the underlying investments specified in the Basket of Investments. There is no cross-collateralisation between the Total Return Swaps for each Trust.

On the termination of a Total Return Swap, the counterparty will determine the amount which would be received on redemption of the Basket of Investments if it were directly held. If this amount (adjusted for any foreign exchange gain or loss), minus any leverage and minus the deposit is greater than zero, then the counterparty must pay the excess to the Trust. In addition, the deposit will be repaid to the Trust. If this amount (adjusted for any foreign exchange gain or loss), minus any leverage and minus the deposit is less than zero, then the Trust must pay the deficiency to the counterparty. To the extent that funds are available, this amount may be set off against the deposit, and the counterparty will only be required to repay the balance (if any) of the deposit.

Ibbotson and the Responsible Entity intend using the Total Return Swaps so long as this strategy facilitates exposure to the desired underlying hedge fund strategies. However, each Trust may, in its absolute discretion, enter into other transactions similar to the Total Return Swap with other counterparties or change counterparties and choose to take advantage of additional direct holdings in investments.

#### Investment structure of the Total Return Swap



## Investment risks and decision making

### Your investment decision

Investment decisions are important and should reflect your particular circumstances. In making a decision it is important to consider the investment, its level of risk and diversification and how it relates to your investment goals and other investments you may hold. You should read all the information in this PDS carefully and seek appropriate professional advice before you make your decision.

### Considering your investment goals

To meet your investment goals an investment must fit comfortably with:

- ▶ your return expectations – which reflects the types of returns that you are seeking from an investment;
- ▶ your investment time horizon – which is based on the length of time you expect to hold an investment; and
- ▶ your risk tolerance – which refers to the extent of variation in the value of your investment, and the returns (if any) from your investment, that you are willing to bear over the course of your investment time horizon.

If you are investing via an IDPS, your financial adviser will be able to assist you with determining your investment goals.

### Understanding the risks

All investments have some level of risk. Risk is the likelihood of you not getting all your money back, and/or getting lower returns than expected. Investments with higher expected returns often involve higher risk.

#### General risks

##### **Market risk**

The Trusts invest in investment markets and the performance of these markets will have an impact on returns. These markets are affected by a range of conditions (for example economic, technological or political) that impact returns. As the risk relates to the market as a whole it cannot be reduced by holding a greater variety of securities within that market.

##### **Inflation risk**

Inflation reduces the purchasing power of assets or income over time. Changes in inflation may impact the value of your investments in the Trusts.

##### **Interest rate risk**

An increase in interest rates leads to a reduction in the value of a fixed interest investment, and vice versa. This risk is usually greater for fixed interest investments that have longer maturity dates.

##### **Currency risk**

Movements in exchange rates between the Australian dollar and foreign currencies can affect the performance of the Trusts if it has exposure to international investments. When foreign currencies fall in value relative to the Australian dollar this can have an adverse impact on investment returns for the Trusts holding international investments. Some of the Trusts may use currency hedging to reduce the magnitude of currency risk.

For New Zealand Investors, any currency hedging undertaken for the Trusts will be with reference to the Australian dollar rather than the New Zealand dollar. In addition to movements in exchange rates between the Australian dollar

and foreign currencies the value of the Trusts in New Zealand dollars will fluctuate according to movements in the exchange rate between the Australian dollar and New Zealand dollar. These changes may be significant.

#### **Contractual risk**

In the interests of efficient investment, we may act on an investment application before confirmation that application monies have been received. If an investor fails to meet its contractual obligations to pay application monies, this may result in a loss of capital to the relevant Trust, the risk of units not being issued to that investor or the subsequent cancellation of these units. An investor may be liable for any loss to their potential capital in the event of market movements before the application monies are received.

#### **Changes in laws**

The value of investments held by, or distributions from the Trusts may be affected by changes in laws in Australia or overseas such as taxation.

#### **Country risk**

Some of the Trusts invest in overseas securities. There is a risk that a country in which assets are located which the Trusts invest in could become politically or economically unstable which may prevent assets (such as shares) being sold or the proceeds being repatriated to Australia. This risk is generally higher in countries classified as emerging markets.

#### **Trust risk**

The following risks may apply when investing in the Trusts:

- ▶ characteristics such as distribution frequency may change;
- ▶ taxation laws are subject to continual change and may affect your investment;
- ▶ investing in a Trust may have different tax consequences than investing directly into assets that the Trust holds. This is because applications and withdrawals by other investors may impact the distributions and the overall tax provisions of a Trust;
- ▶ unit pricing risk, meaning the risk of unit pricing errors which may result, for example, from system errors; and
- ▶ a Trust could be terminated.

### Specific risks for the Global Trading Strategies Trust and the Alpha Strategies Trust

Hedge funds carry different kinds of risks than traditional asset classes arising from the use of leverage, short selling and discretion to invest in a wide range of investments and the power to introduce extra restrictions on redemptions. Risks include fraud, mispricing of assets, suspension of redemptions as well as the same risks as any active management strategy such as investment managers losing key investment professionals, deviating from their stated investment strategy or failing to apply their strategy successfully.

Alternative strategies are designed to generate returns that are not highly correlated with equity markets. However, these strategies are susceptible to extreme market conditions such as reduced market liquidity and the suspension of short selling which may cause them to become less effective or even fail.

These risks are managed through diversification, due diligence and ongoing monitoring.

#### **Manager risk**

There is a risk that underlying managers may fail to meet their investment objectives resulting in sub-standard returns for the Trusts. For example, this may be brought about by a change of employees at a particular investment manager which may affect the performance of the Trusts.

### **Derivatives risk**

Derivatives (such as swaps, options, futures, forward rate agreements and forward foreign exchange contracts) are used to manage risk or to gain exposure to individual securities, currencies and investment markets.

The Trusts invest directly in the Total Return Swaps, which incorporate forward exchange contracts. The underlying investments in the Basket of Investments held by the Total Return Swap may use derivatives as part of their trading strategies.

Risks associated with using derivatives include the value of the derivative failing to move in line with the underlying asset, illiquidity of the derivative and counterparty risk. Refer to 'Counterparty or credit risks' for risks which are specific to the Total Return Swaps and 'Currency risk' on page 12 and 'Liquidity risk' on page 15. Further information can be found in Ibbotson's Derivative Risk Statement.

### **Counterparty or credit risk**

Counterparty or credit risk is the risk that a counterparty to the Total Return Swaps fails to meet its contractual obligations resulting in a loss of some or all of the funds deposited with the counterparty. The funds deposited with the counterparty are not secured nor subject to the Australian government guarantee, and each Trust is an unsecured creditor of the relevant counterparty.

To mitigate this risk, the relevant Trust only contracts with counterparties which comply with minimum credit rating standards contained in Ibbotson's Derivatives Risk Statement. In accordance with Ibbotson's Derivative Risk Statement, the credit policy requires that at the time of executing agreements the counterparty must have a credit rating of 'A' or the equivalent or better, as rated by an approved ratings agency (i.e. either Standard & Poors, Moodys or Fitch), or be guaranteed by a 'A' rated entity. If after the agreements are executed the counterparty is downgraded to 'A-', the counterparty will be reviewed on an ongoing basis or if the counterparty is downgraded below 'A-', the counterparty will be replaced within a reasonable time subject to a maximum of 180 days of the downgrade.

### **Concentration risk**

An additional risk of concentration of assets arises if the same party were to be the counterparty to the Total Return Swaps for the Trusts. At the date of issue of this PDS, Ibbotson Global Trading Strategies Trust and the Ibbotson Alpha Strategies Trust have the same counterparty, Macquarie, for their Total Return Swaps. Ibbotson monitors the counterparty on an ongoing basis in light of the concentration risk.

### **Total Return Swap termination risk**

There is a risk that when the Total Return Swaps terminate, whether on maturity or earlier for any reason, that the relevant swaps may not be able to be renewed or an equivalent arrangement on terms similar to those currently applicable cannot be made.

A Trust may incur early termination costs. Costs of early termination include the costs associated with closing out currency hedges and may include penalties for early redemptions imposed by the underlying investments specified in the Basket of Investments.

At termination, if the Basket of Investments includes underlying investments with long redemption periods (i.e. more than 12 months) it may take some time to determine the final valuation of the amounts owing under the Total Return Swaps.

**Liquidity risk**

The Trusts are exposed to investments which offer limited liquidity, in terms of a minimum initial investment period ('lock up'), monthly, quarterly or even annual opportunities to invest and redeem, notice periods for redeeming funds and deferred payment of redemptions. Please note the following important restrictions:

- ▶ A 12 month lock-up period will apply to all monies you invest in the Trusts, from the date you purchase each unit. This means that you will not be able to redeem during the first 12 months for each unit you purchase.
- ▶ After the lock-up period, we require three months notification for funds to be redeemed from the Ibbotson Alpha Strategies Trust and one month for funds to be redeemed from the Ibbotson Global Trading Strategies Trust.
- ▶ In addition to the 12 month lock-up period, the payment of units you redeem may be deferred depending on the liquidity of the underlying investments in the Basket of Investments.

**Leverage risk**

The Trusts are permitted to borrow under their respective Constitutions and to use that borrowing (or leverage) to manage the liquidity and foreign exchange exposure of the Trusts. Although Ibbotson does not intend to use leverage to magnify the returns from the Trusts, leverage may be used by the underlying investments specified in the Basket of Investments to magnify returns however investors in the Trusts do not have a contingent liability and will not be required to contribute additional funds in the event that underlying levered investments generate a loss. Leverage magnifies returns (both positive and negative).

Rises in interest rates may result in an increase in the cost of leverage which would be paid from the assets of the Trust.

**Performance fee risk**

Any performance fees payable are paid by unitholders and not by the Trusts. A sufficient number of a unitholder's units in the relevant Trust are redeemed to fund payment of the performance fee rather than it being deducted from the Trust's assets. This redemption process means you only incur performance fees specifically identifiable to your investment. Please note, however, you will not be given the opportunity to directly pay for any performance fees in the ordinary course of business (i.e. unitholders are not directly invoiced for payment of the performance fees) and redemptions may crystallise a capital gains liability for you.

**Level of distribution risk**

Due to the nature of the investment strategies of the Ibbotson Trusts, you should not expect to receive distributions from the Trusts during the term of the Total Return Swap. Amounts will only be distributed if net income is derived by the Trust. Where distributions are paid, your distribution will be automatically reinvested in additional units.

**Taxation risk**

During the term of each Total Return Swap, the Trusts are expected to make payments to Macquarie, the counterparty, and incur expenses such as management fees. The gain (if any) on the Total Return Swaps would generally not be assessable for tax purposes until the year in which each Total Return Swap terminates (ignoring any partial realisations of the Total Return Swap). The Trusts may make tax losses during the term of the Total Return Swaps.

As the Trusts are open ended, there is a possibility of a 50% or more change in the ownership of these Trusts occurring on one or more occasions as new unitholders invest in the Trusts. This combination of events means there is a risk that the Trust's tax losses may be denied under income tax law. This may result in the taxable income returned to unitholders exceeding the economic gains derived by the Trusts over the life of the Total Return Swap. However, any excess in this regard should result in a lower gain or higher loss to unitholders on redemption of their units in the Trusts.

## Fees and other 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 Trust balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).**

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

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

### **To find out more**

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment 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 Trust assets as a whole.

Taxation details are set out in the taxation section of this PDS starting on page 23.

You should read all the information about fees and costs as it is important to understand their impact on your investment. Fees and costs for each Trust are set out on page 17.

Type of fee or cost	Ibbotson Global Trading Strategies Trust	Ibbotson Alpha Strategies Trust	How and when paid
<b>Fees when your money moves in or out of a Trust<sup>1</sup></b>			
<b>Establishment fee:</b> The fee to open your investment.	Nil	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment.	Nil	Nil	Not applicable
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment.	Nil	Nil	Not applicable
<b>Termination fee</b>	Nil	Nil	Not applicable
<b>Management costs</b> The fees and costs for managing your investment <sup>2,3</sup>			
<b>Management fees</b>	1.23% pa of the net asset value of the Trust	1.23% pa of the net asset value of the Trust	The management fee includes the fees payable for managing the Trust as well as the running expenses of the Trust (but does not include abnormal expenses). The management fee is deducted from the assets of each class of unit in the Trust and is reflected in the unit price.  For the Ibbotson Global Trading Strategies Trust and Ibbotson Alpha Strategies Trust, the management fees are accrued monthly and paid monthly in arrears.  The amount of the management fee may be negotiable. Please contact Ibbotson to find out if and how you can negotiate your management fees. <sup>4</sup>
<b>Abnormal expenses</b>	Estimated to be 0.00% pa to 0.10% pa of the Net Asset Value of the Trust	Estimated to be 0.00% pa to 0.10% pa of the Net Asset Value of the Trust	Accrued in the unit price of the Trust when incurred and paid out of the assets of the Trusts.
<b>Performance fee<sup>5,6,7</sup></b>	10.25% of the return above the benchmark index for the Trust net of our management fee subject to certain conditions being met.	10.25% of the return above the benchmark index for the Trust net of our management fee subject to certain conditions being met.	Where payable, performance fees are paid by redeeming a sufficient number of a unitholder's units in the Trust.  The amount of the performance fee may be negotiable. Please contact Ibbotson to find out if and how you can negotiate your performance fee.
<b>Service fees</b>			
<b>Investment switching fee:</b> The fee for changing investment options	Nil	Nil	Not applicable

**Notes**

- You may also incur a buy/sell spread when you buy/sell Trust units. An explanation of the buy/sell spread is found in 'Additional explanation of fees and costs' on page 21.
- Management fees are inclusive of GST after taking into account any expected RITC. Management costs are rounded to two decimal places, but in practice the rates are calculated and applied at more than two decimal places.
- We may pay some IDPS operators an annual product access payment for offering the Trusts on their menus. The product access payment is not an additional fee paid by investors, but instead is treated as a running expense and therefore deducted from the management fee for the Trust. It does not reduce any returns an investor may receive.
- Please refer to 'Management fees' in the 'Additional explanation of fees and costs' section for more information.
- Performance fees are rounded to two decimal places, but in practice the rates are calculated and applied at more than two decimal places.
- For a worked dollar example of the performance fees, see 'Example of annual fees and costs' on page 18.
- Refer to 'Performance fees' in the 'Additional explanation of fees and costs' on page 20.

## Example of annual fees and costs

This table gives an example of how the fees and costs for the Ibbotson Global Trading Strategies Trust, can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

<b>Example – Ibbotson Global Trading Strategies Trust</b>		<b>Balance of \$500,000 including a contribution of \$5,000 at the beginning of the year<sup>1</sup></b>
Contribution fee	Nil	For the \$5,000 you put in at the beginning of the year, you will be charged \$0.
<b>PLUS</b> Management costs	1.23%	And, for the average balance of \$520,000 <sup>1</sup> you have in the Trust you will be charged a management fee each year of: \$6,396 <sup>2,3</sup> inclusive of GST and RITC.
<b>PLUS</b> Performance fees	0.32 % pa	And, assuming the Trust charges a performance fee of which the criteria to be paid are met (and based on the assumptions below), for every \$520,000 you have in the Trust you will be charged \$1,650 including GST and RITC <sup>4</sup>
<b>EQUALS</b> total costs	1.55 % pa	If you invest \$5,000 at the beginning of the year and your average balance is \$520,000 over the course of the year, then for that year you would be charged fees of:  \$ 8,046 <sup>5</sup> including GST  <b>What it actually costs you will also depend on the Trust you choose and on the management fees you negotiate with us.</b>

### Notes

- This example is based on an investment balance of \$500,000 (being the minimum investment amount accepted in the Trusts) and an average balance of \$520,000 which incorporates the impact of 8% investment performance. For simplicity, all balances include a contribution of \$5,000 at the beginning of the year.
- Management costs are rounded to two decimal places in this PDS, but in practice the rates are calculated and applied at more than two decimal places.
- Management costs are calculated on an Indirect Cost Ratio basis and include all direct and indirect management costs that are not deducted directly from your account. Please note however, management costs do not include (i) the effect of any transaction costs which may be incurred by the Trust (ii) the impact of any underlying investment manager fees that may be deducted from the proceeds earned under the Total Return Swaps (iii) costs associated with accessing the Basket of Investments via the Total Return Swap, as these fees and costs are not considered 'management costs' for the purposes of the Corporations Act. Refer to 'Management costs' in the table on page 17 and the section 'Additional explanation of fees and costs' on page 19 for a more detailed description of what comprises management costs and how they are calculated.
- Refer to 'Performance fee' in the table on page 17 and the section 'Additional explanation of fees and costs' on page 20 for more information on how performance fees are calculated. Please note, the fact that the example assumes a rate of return of 8% pa (i.e. 3% above the Trust's benchmark) is not in any way intended to be a forecast of the likely returns the benchmark or the Trust might achieve. Returns are not guaranteed. This example assumes return is 8% and the benchmark return is 5% (and there is no previous negative performance fee accrual to be made up). The performance fee is calculated as follows:  
Opening balance multiplied by the manager's outperformance multiplied by the performance fee percentage plus GST:  
= \$500,000 x (8% - 5%) x 10% + GST  
= \$1,500 + (\$1,500 x 10%)  
= \$1,650  
Note: as performance fees are paid by redeeming a sufficient number of unitholder's units in the Trust, the impact of RITC is ignored in this example. The unitholder would claim any RITC separately.
- This example assumes that your average balance is \$520,000 throughout the year (i.e. no further contributions are made) and the fees are not individually negotiated. The example does not include the effect of any transaction costs (including buy/sell spreads) or abnormal expenses which may be incurred by the Trust.

## Additional explanation of fees and costs

### Management costs

Management costs are the fees and costs for managing your investment and include all direct and indirect costs for managing the Trusts. Where a Trust invests in an underlying Trust managed by Ibbotson the management fee and performance fee (if applicable) will only be charged once on the invested amount. You do not incur a management fee and performance fee (if applicable) in both the Trust and any underlying Ibbotson Trust.

Management costs are rounded to two decimal places in the table on page 17, but in practice the rates are calculated and applied at more than two decimal places.

#### **Management costs include:**

##### **Management fees**

The management fees are accrued in the unit prices and paid out of the assets of the Trusts.

The management fees are accrued monthly and paid monthly in arrears.

Each Trust's Constitution allows the management fee to be charged in other ways negotiated with you, for example by invoicing you directly.

The maximum management fee allowable under the Constitution of each Trust is 4% pa of the operational net asset value of the Trust.

For wholesale clients, in line with ASIC Class Order 03/217 (as amended from time to time), we may:

- ▶ charge a lower management fee than those currently specified in the table on page 17; or
- ▶ rebate a part of the management fee.

Staff Investors are allowed to invest in the Trusts at management fees concessional to the standard offer.

Staff Investors are subject to Ibbotson's internal human resource policies and procedures governing the staff investment program. The offer of the Trusts to Staff Investors complies with Chapter 7 of the Corporations Act and with ASIC Class Order 03/217.

For more information about if and when you can negotiate the management fee, please contact Ibbotson on (02) 9276 4550.

The management fee includes fees payable to us for administering the Trust as well as running expenses of the Trust (it does not include abnormal expenses). Please refer to pages 20–21 for additional information on running expenses and abnormal expenses of the Trust. Where the Trust(s) invests directly with underlying managers through a managed investment scheme or investment mandate, we pay the underlying managers' management fees (excluding performance fees and running costs of the underlying managers) out of our management fee payable.

The management fee does not include:

- ▶ any management or performance fees charged by any underlying investment managers represented within the Basket of Investments accessed via the Total Return Swaps (as these costs are not deducted from a 'common fund' for the purposes of the Corporations Act and correspond to amounts that would be paid if you invested directly with the managers themselves); or
- ▶ costs associated with accessing the Basket of Investments via the Total Return Swaps (as the cost of entering into the Total Return Swap is a transaction cost of the Trust).

### **Performance fees**

In addition to the management fee, we are entitled to receive a separate performance fee, currently 10.25% based on the outperformance of the Trusts relative to their benchmark, which is currently the UBS Australian Bank Bill Rate.

The rate of this fee may be varied, or the relevant benchmark, from time to time so long as the fee is within the maximum permitted by the Constitution, which is 25.625% (net of GST) of the outperformance of the relevant Trust.

The performance fees are not accrued in the unit price of the Trusts. Where payable, the performance fee is paid by redeeming a sufficient number of a unitholder's units in the relevant Trust.

For the Ibbotson Global Trading Strategies Trust, the performance fee is calculated monthly and paid monthly in arrears provided the unit price at the end of each month is not less than the unit price at the end of the preceding month after adding back any distributions for that month (if any).

For the Ibbotson Alpha Strategies Trust, the performance fee is calculated monthly and paid quarterly in arrears provided the unit price at the end of each quarter is not less than the unit price at the end of the preceding quarter after adding back any distributions for that quarter (if any).

At the end of a calculation period, if the performance accrual is negative, no fee is payable and a negative fee accrual will be carried forward to the start of the next calculation period. Any future performance fee accrual will only be paid when the total performance fee accrual is positive.

When a unitholder redeems in full before the end of a calculation period, their performance fee accrued to date will be calculated and paid by redeeming a sufficient number of their units prior to redeeming the full balance of units.

### **Running expenses**

As authorised by each Constitution, the Responsible Entity is entitled to be reimbursed from the Trusts for all expenses incurred in managing and administering the Trusts. Under each Constitution, there is no specific limit on the level of expense recovery from Trust assets. Running expenses are all expenses incurred in managing and administering the Trusts, other than fees paid to investment managers, abnormal expenses and transactions costs of the kind used to determine the buy/sell spreads. Currently, running expenses such as custody, taxation or legal advice and audit costs are paid out of the management fee. These running expenses are not an additional cost to you.

### **Abnormal expenses**

Abnormal expenses are additional Trust expenses that may arise from time to time in relation to the Trusts, such as costs incurred in changing counterparties, litigation, convening a meeting for unitholders or winding up a Trust.

Abnormal expenses may be recovered from the assets of the Trusts and are not included in the management fee.

If incurred, they are accrued if and when they are able to be estimated and are reflected in the unit price at that time (see page 35 for more information about unit prices). These costs are incurred infrequently.

For a worked dollar example of management costs, including the impact of performance fees, refer to the example of annual fees and costs for the Ibbotson Global Trading Strategies Trust on page 18.

## Transaction and operational costs

### Transaction costs

Transaction costs are those costs and expenses incurred in the acquisition or disposal of assets of the Trusts. Transaction costs for the Trusts include buy/sell spreads of the investments within the Basket of Investments, brokerage, the ongoing cost of the Total Return Swap (refer 'Total Return Swap costs' on page 22), lock-up penalties, duties and taxes and reflect the costs that would ordinarily be incurred by an investor who invested directly in these assets. Transaction costs are normally incurred directly by the Trusts, but where they are incurred by Ibbotson or the Responsible Entity on behalf of the Trusts, that party will be reimbursed from the Trusts.

### Buy/sell spreads

The difference between the entry price and exit price of a unit is called the 'buy/sell spread'. This covers the estimated transaction costs of buying or selling investments when you apply, switch units or redeem from a Trust. The buy spread is added to the price payable on application for units, and the sell spread is deducted from the amount payable to you when you redeem units. Each is expressed as a percentage of the unit price.

The buy/sell spread is retained in the relevant Trust to cover these transaction costs. The buy/sell spread applicable to each Trust is shown below.

	Buy/sell spread <sup>1</sup>	Dollar example of buy/sell spread included in unit price based on a \$500,000 investment/withdrawal <sup>2</sup>
Ibbotson Global Trading Strategies Trust	0.18% / 0.18%	\$900 / \$900
Ibbotson Alpha Strategies Trust	0.26% / 0.26%	\$1,300 / \$1,300

#### Notes

- <sup>1</sup> The buy/sell spreads are current as at the date of this PDS. For up to date buy/sell spreads, please contact us.
- <sup>2</sup> The dollar example is based on the assumption that the unit price (before the estimate for transaction costs) is \$1.00 when you invest \$500,000 in each Trust and that the unit price (before the estimate for transaction costs) is \$1.00 when you withdraw from each Trust.

Certain investments in the Basket of Investments of the Total Return Swap may apply a lock-up period and accordingly a penalty fee may apply for redeeming within that lock-up period. The sell spread may not be sufficient to cover transaction costs if the relevant Trust incurs a penalty fee for redeeming within an underlying manager's lock-up period. To ensure that all unitholders are treated equally and are not disadvantaged, redemptions may be subject to a calculated sell spread larger than that shown in the table above. The difference between the standard and calculated spread will, in dollar terms, equal the lock-up penalty fee charged by the underlying manager and will be included in the Total Return Swap.

Spreads may change without notice, for example if transaction costs change. A policy is in place which sets out the guidelines and relevant factors for calculating unit pricing, including buy and sell spreads.

You may obtain a copy of the policy (and any records ASIC requires to be maintained) free of charge by contacting Ibbotson.

## Total Return Swap costs

The costs of each Total Return Swap include:

- ▶ the Total Return Swap fees;
- ▶ the cost of leverage;
- ▶ administration costs (including any penalties as described under 'Transaction costs' and 'Buy/sell spreads' on page 21); and
- ▶ transaction expenses such as brokerage.

The Total Return Swap fees are determined as follows. The Trusts earn interest on the amount deposited with the swap counterparty (refer page 10 for further information). The Trusts are also liable to pay the counterparty interest plus a negotiated margin on the equivalent amount of the Basket of Investments. The net effect of this is that the Trusts will pay the counterparty an amount equal to the negotiated margin multiplied by the value of the Basket of Investments.

In respect of any leverage used, the relevant Trust will pay the counterparty a fee at a rate equal to the sum of an interbank reference rate plus a negotiated margin.

Underlying investment manager fees are deducted from returns and distributions of the underlying investments before any returns are credited to the Basket of Investments.

The costs of each Total Return Swap are not included in our management fees.

### Commission

Where we pay commissions to third parties such as dealer groups, IDPS operators or other licensees for offering the Trusts on their investment menus or for the provision of services, such payments would not impact the returns you may receive.

Ibbotson maintains an Alternate Forms of Remuneration Register. The registers, which you can review by contacting us, outline some alternative forms of remuneration that may be paid to or received from licensees, fund managers or representatives (if any is paid or received in relation to the Trusts).

### Change in fees and costs

The Trusts' fees and costs may change within limits allowed by each Constitution. The Responsible Entity reserves the right to change fees and costs without unitholders' consent. Unitholders will be notified of any increases in the fees and costs at least 30 days before implementing them. If the Trusts ever sought to charge fees above the maximums permitted in each Constitution, unitholder consent would be sought.

### GST

Fees and costs charged to the Trusts generally attract 10% Goods & Services Tax (GST) which is charged to and borne by the Trusts. All fees and costs disclosed in this PDS are inclusive of GST, to the extent applicable, after taking into account any expected Reduced Input Tax Credits (RITCs). The Trusts will claim RITCs where possible under the GST regulations. These credits will reduce the overall cost of GST to the Trusts and will be reflected in the unit price. The term "net GST" is the net cost after taking into account GST and RITCs.

### Switching fee

A switch between Trusts is treated as a redemption from one Trust and an application for units in another Trust.

The Trusts do not presently charge a switching fee (or an entry or exit fee on the amount of the switch). Both Trusts' buy/sell spreads will apply to switches.

## Taxation

The following is a brief outline of the Australian taxation consequences of investing in the Trusts.

**Because the Australian taxation laws are complex and different investors have different circumstances, it is recommended that you seek professional taxation advice in relation to investing in the Trusts and the tax consequences of any distributions you receive. Please be aware that not all the following statements will apply to all investors. In particular, if you are a New Zealand resident for tax purposes refer to the statement of tax implications for New Zealand Investors in the 'Tax implications for New Zealand Investors' section on page 27 of this PDS.**

This section of the PDS is intended as a general guide only, and is based on Australian taxation laws that were current as at the date of this PDS. These laws, and the interpretation and administration of them, may alter over time.

The Trusts are established as separate unit trusts. The effect of tax on the Trusts, and hence your investment in the Trusts, can vary depending on such factors as the type of investment, the timing of investment transactions, and entry and exit of other unitholders in the relevant Trust.

### Distributions

Each Trust is a resident of Australia for tax purposes; therefore, each Trust is required to determine its net income (taxable income) for the year of income. It is intended that investors will be presently entitled to all of the net income of each Trust (including net taxable capital gains) for each income year, such that pursuant to the existing income tax legislation, each Trust should not be subject to Australian income tax. In the case where a Trust makes a loss for tax purposes, the Trust cannot distribute the loss to investors. However, subject to the Trust meeting certain conditions, the Trust may be able to take into account the losses in subsequent years.

Due to the nature of the Ibbotson Global Trading Strategies Trust and Ibbotson Alpha Strategies Trust investment strategies, distributions are not expected during the term of the Total Return Swap (except where net realised gains are earned on a partial realisation or expiry of a Total Return Swap in which case a distribution might be paid). Such gains would be treated as ordinary income rather than capital gains and would therefore not be eligible for the CGT discount concession. If a distribution is made it will automatically be reinvested in additional units.

Provided that all income is distributed to unitholders in relation to the year it is earned, the Trusts will not pay Australian income tax under current tax law. An Australian investor's share of the net income of the Trusts for a year of income, including amounts received in a subsequent year or which are reinvested, forms part of the investor's assessable income of that year.

You will be provided with a statement for tax purposes after 30 June each year to assist you (and your adviser) in determining your tax position. This tax statement will advise you of the distribution amounts (if any) to include in your tax return as assessable income, capital gains, any franked dividends/franking credits and any foreign income/foreign income tax offsets.

In addition, the statement will advise you of the tax-deferred portion (if any) of the distribution i.e. those amounts that have been distributed to you but are not included in your taxable income. Such amounts will generally, reduce your cost base in the units in the relevant Trust. Should your cost base be reduced below zero after one or more cumulative tax-deferred distributions, the amounts in excess of your cost base should be a capital gain that should be included in your taxable income. You may be entitled to the CGT discount in respect of this gain (refer to page 24).

## Possible changes

On 16 December 2010, the Assistant Treasurer announced that the Government would introduce legislation to update the trust income tax provisions in Division 6 of Part III of the Income Tax Assessment Act 1936 and rewrite them into the Income Tax Assessment Act 1997. To that end, after receiving feedback from the Board of Taxation, the Assistant Treasurer released a discussion paper on 4 March 2011 on reforms to provide taxpayers with increased certainty and reduce the scope for unfair tax outcomes and manipulation through the use of trusts due to the fact that there may be a mismatch between the amount that a beneficiary is assessed on and amounts that they are entitled to under trust law. The amendments may affect the tax treatment described in this tax disclosure and may apply from the 2010-11 income year. Investors should monitor the status of these amendments and seek their own advice as to their possible application.

## Redemptions

If you redeem units you will need to include any capital gains or losses you have made in the calculation of your net capital gain or loss for the income year assuming you hold the units in the Trust(s) on capital account (unless you are a non-resident investor that may not be liable for under the Australian CGT provisions – see 'Non-resident investors' on pages 25–26).

Depending on the type of entity you are, you may be entitled to a CGT discount (of 50% for trusts and individuals or 33.3% for superannuation funds) on any net capital gain if you have held your units in the Trust for at least 12 months from the date of acquisition. Companies are not entitled to CGT discounts on their capital gains, including discount capital gains distributed by a Trust.

On redemption of units, you may receive both capital proceeds and an income component representing your share of the undistributed income for the year up to the redemption date. Refer 'Distributions' on page 30 for more information. In addition, we may choose to allocate any gains arising from the realisation of assets to fund your redemption to you. Any such income distributions should be included in your assessable income in the year you are presently entitled to that distribution.

If a performance fee is payable by you, we will redeem a number of units on your behalf to pay the performance fee. The redemption will constitute a disposal of those units for tax purposes. Unitholders should consult their taxation advisers regarding the deductibility of the performance fee to them in light of their own particular circumstances.

## Foreign income and foreign income tax offsets

Due to the nature of the Ibbotson Global Trading Strategies and the Ibbotson Alpha Strategies Trust investment strategies, we do not expect the Trust to pay foreign tax.

## Tax deferral provisions

The Trusts may directly or indirectly hold interests in Controlled Foreign Companies (CFC) at the end of a financial year. Under the CFC regime, resident investors may be assessed on their portion of the CFC's attributable income for the financial year, even if income is not distributed.

Reforms were announced in the 2009-10 Budget to Australia's foreign source income anti-tax deferral attribution rules. To this end, the Foreign Investment Funds (FIF) provisions were repealed from 1 July 2010 and will be replaced with a

narrower anti-deferral regime. In addition on 17 February 2011 the Assistant Treasurer released for public consultation the exposure draft legislation on both the reform of the CFC rules and the foreign accumulation fund (FAF) rule which seeks to address the most abusive cases of deferral following the repeal of the FIF provisions. Under the current draft of the FAF rule, certain amounts should be attributed to an investor where, amongst other things, the market value of all debt interests held by the foreign entity comprise at least 80% of the market value of the foreign entity's assets and it distributes up to 80% of its profits and gains.

The exposure draft does not contain information regarding from which income year the proposed amendments will apply. As these provisions are currently in exposure draft form, investors should discuss the progress of these provisions with their own professional tax advisor.

## Non-resident investors

Tax may be withheld from that part of distributions made to non-resident investors that have an Australian source.

The rate of withholding tax will depend on the type of income and the country of tax residence of the investor, and any Exchange of Information Agreement or Double Tax Treaty.

In the absence of a governing treaty, tax of 10% will be withheld on interest income, and tax of 30% will be withheld on unfranked dividends. No withholding tax is applicable to fully franked dividends.

The withholding tax rate generally applicable for residents of information exchange countries in respect of any remaining Australian sourced income should be 7.5% in the income years ending 30 June 2011 onwards.

The withholding tax rate applicable for residents of all other countries is 30%.

In most cases, these withholding taxes are each a final tax. As a result, the non-resident investors should not be entitled to a credit in Australia for any withholding tax paid or be liable to further Australian tax on income from which withholding tax has been withheld.

The withholding tax rates outlined above will apply if the Trusts continue to qualify as Managed Investment Trusts (MITs) for tax purposes. Different rates will apply if the Trusts do not qualify as MITs.

Foreign sourced income to which a non-resident is presently entitled should not be subject to tax in Australia.

Any capital gains distributed by the Trust will only be taxable to non-resident investors to the extent that the capital gain was in respect of taxable Australian property (i.e. typically Australian real property or shares or units in an entity whose majority underlying value is derived from taxable Australian property based on current market values of the entities assets). The statement provided to you after 30 June each year will disclose the extent to which a distributed capital gain is in respect of taxable Australian property.

Legislation was introduced into Parliament to allow eligible MITs to make an irrevocable election to apply a deemed capital account treatment for gains and losses on disposal of certain investments (including shares and units in other trusts, but excluding derivatives and foreign exchange contracts). The Trusts meet the definition of 'MIT' and have elected to apply deemed capital account treatment.

Under the CGT provisions of the Australian income tax legislation, the disposal of units, either by redeeming, switching or transferring units, may lead to a CGT liability. Investors who are non-residents of Australia for income tax purposes (and do not have an Australian permanent establishment) will generally only be subject to the Australian CGT provisions

on the disposal of their units if their units are taxable Australian property. If you are not a resident of Australia, your units are generally taxable Australian property if:

- ▶ the units were capital assets held in carrying on business through a permanent establishment in Australia; or
- ▶ both the following conditions are satisfied:
  - you and your associates hold 10% or more of the units in a Trust at either the time you dispose of your units or throughout a 12 month period that began no later than 24 months before that disposal time;
  - and
  - more than 50% (by market value) of the Trust's assets comprised (directly or indirectly) of interests in taxable Australian real property.

However, based on the current investments and investment approach of the Trusts it is not expected that the second condition would be satisfied.

It is strongly recommended that non-resident investors obtain their own tax advice when disposing of units in the Trusts. It should also be noted that you may be subject to the tax laws in your country and should consult a taxation adviser before investing.

## Closely held trusts

The Trusts may be closely held trusts. If so, this means that we will need to provide the Australian Taxation Office (ATO) with details of each unitholder's status. Under the Constitution, the Responsible Entity is entitled to be indemnified for any such loss or cost to the Trust or tax required to be withheld and remitted by the Trust to the ATO if that results from a unitholder omitting to give us the relevant information.

## Tax File Numbers (TFN) and Australian Business Numbers (ABN)

It is not compulsory for you to quote your TFN or ABN. If you are making this investment in the course of a business or enterprise that you carry on, you may quote an ABN instead of a TFN. Failure by you to quote an ABN or TFN or claim an exemption may cause the Trusts to withhold tax at the top marginal rate plus the Medicare Levy, on gross payments including distributions of income to you. By quoting your TFN or ABN it will be applied to all your investments with the Trusts. If you do not want to quote your TFN or ABN for some investments, please let us know.

## Taxation of Financial Arrangements

Division 230 of the Income Tax Assessment Act 1997 contains the final stages of the taxation of financial arrangements (TOFA) reforms. The TOFA regime applied from 1 July 2010. Broadly, the measures contain rules that cover tax timing treatments for financial arrangements, including elective tax timing and character hedging rules that are designed to minimise tax timing and character mismatches. The rules also allow eligible taxpayers to elect to have their financial arrangements taxed on a fair value or retranslation basis, or to rely on their financial reports for taxation purposes. Taxpayers to which the TOFA provisions apply who do not elect to use these methods will be required to apply the accruals and realisation rule.

There are various exemptions to the TOFA provisions. For example, a right carried by an interest in a trust is excluded from the TOFA provisions if the interest is an equity interest in the trust.

The Trusts have opted into the TOFA regime from 1 July 2010 to adopt the default methods. The Responsible Entity will continue to monitor whether the Trusts should elect any of the alternative methods. The impact of the TOFA regime is not expected to materially change the taxation consequences of income flowing from the Trusts.

## GST

The issue, redemption or transfer of units in the Trusts will not attract GST under the current GST law. Investors should seek independent advice in relation to the GST consequences of their investment.

## Tax implications for New Zealand Investors

Units in the Trusts held by New Zealand Investors will be subject to the foreign investment fund (FIF) taxation regime, unless the investor:

- ▶ owns 10% or more of a Trust (except where the Investor is a Portfolio Investment Entity (PIE), a superannuation scheme, a unit trust, a life insurer or a group investment fund); or
- ▶ is a natural person (but not a trustee, other than for certain very limited purposes) and the total cost of all interests owned by the investor which would otherwise be subject to the FIF regime is NZ\$50,000 or less and does not choose to continue (within a 4 year standdown period) being subject to the FIF regime under new legislation expected to apply on enactment to income years commencing from 1 July 2011.

New Zealand Investors subject to the FIF regime should, subject to the comments below, be entitled to calculate their income from their units in the Trust(s) ('units') under the fair dividend rate ('FDR') method. Under this method, they will derive assessable income in an income year equal to:

- ▶ 5% of the market value of the units held by them at the beginning of the income year (which will be zero for the first income year in which the investor acquires units) or 5% of the average daily opening value over the income year (managed fund investors typically select this option); plus
- ▶ the lesser of:
  - 5% of the average cost of any units which were both acquired and then sold or redeemed by the investor in the same income year; and
  - any profit made on the sale or redemption of such units plus any distributions received on those units during the income year.

For this purpose, the last unit acquired is deemed to be the first sold. New Zealand Investors will be subject to tax on this assessable income at their marginal rates.

Any distributions received by a New Zealand Investor and any proceeds of redemptions or sales of units are ignored under the FDR method (except when the redemption or sale occurs in the same year units are acquired). A slightly more complex version of this method may be used by managed funds. If the New Zealand Investor is a natural person or a family trust and can show that the sum of:

- ▶ the total increase in the market value of all the investor's interests which are subject to the FIF regime (including the units, but excluding certain debt like FIF interests for which FDR is not an available method); plus
- ▶ any realised gains and distributions received from this pool of interests, is less than the investor's total income from the pool under the FDR method, the investor can elect to only be subject to tax on this lesser amount. The investor cannot claim a deduction for any loss however.

For New Zealand Investors who are not subject to the FIF regime:

- ▶ distributions on units will be subject to New Zealand income tax;
- ▶ amounts received on the redemption of units by the Trusts are taxed in the same way as distributions, unless:
  - the redemption results in a '15% interest reduction'. This will generally require that the percentage interest in a Trust after the redemption which is conferred by units held by the investor and associates, is not more than 85% of the percentage interest before the redemption; and
  - a Trust has available subscribed capital at least equal to the amount of the redemption;

amounts received on the sale of units will generally only be taxable if the investor does not hold the units on capital account. Units will generally be held on capital account unless the investor acquired the units with a dominant purpose of disposing of them, is a dealer in property of the same kind as the units, or sells the units in the ordinary course of its business. In this case the Investor will also be allowed a deduction for the cost of acquiring the units.

Whether or not a New Zealand Investor is subject to the FIF regime in respect of the units, the investor:

- ▶ should for New Zealand tax purposes treat distributions which are reinvested to acquire additional units in the same way as if they had been paid in cash and not been reinvested;
- ▶ will be entitled to a credit against their New Zealand tax liability for any Australian withholding tax deducted from their distributions (but not for any withholding tax deducted from payments to the Trusts). The amount of credit is generally limited to the New Zealand tax on the investor's net income from the units;
- ▶ should be entitled to a deduction for any interest incurred in borrowing to acquire the units.
- ▶ will be required to convert Australian dollars into New Zealand Dollars when calculating New Zealand income tax.

No GST or stamp duty arises in New Zealand as a result of acquiring, holding or disposing of units in the Trusts.

## How the Trusts work

### Constitutions

The Trusts are each governed by a separate Constitution, as amended from time to time. Each Constitution sets out the Responsible Entity's obligations as well as the rights of unitholders. Some key aspects of the Constitutions have been summarised in this PDS.

The Responsible Entity may alter each Constitution as specified in the Constitutions and in accordance with the law. The Corporations Act 2001 specifies that the consent of unitholders (given at a meeting convened and conducted in accordance with the Corporations Act 2001) is required for any alteration unless the Responsible Entity reasonably believe that the alteration will not adversely affect the rights of unitholders.

You may view a copy of the Constitutions at our offices on any Business Day or you may obtain a copy free of charge by contacting Ibbotson.

### Compliance plan

The Responsible Entity has established a compliance plan for each Trust, which sets out the measures to be applied in operating each Trust to ensure compliance with its Constitution and the law. The Responsible Entity's Board of Directors is responsible for overseeing the compliance plans.

### Classes of units

Under each Constitution, units may be issued in one or more classes and additional classes of units may be created at any time. All units in a class will have identical interests and rights and will be subject to identical conditions. Where a Trust issues units of different classes, the interests, rights and conditions attached to each class of units may differ in relation to fees.

### Rights of unitholders

Subject to the Constitution, unitholders are generally entitled to:

- ▶ receive a share of the Trust's distributable income;
- ▶ redeem units;
- ▶ transfer units;
- ▶ switch between Trusts;
- ▶ receive confirmation of investment;
- ▶ receive acknowledgement of units held; and
- ▶ receive annual audited accounts, and inspect the Trust's Constitution.

Remember if you are an indirect investor, you are not a unitholder in the Trusts (your IDPS operator is the unitholder).

## Unitholder meetings

Subject to the relevant Constitution, unitholders are also entitled to requisition, attend and vote at unitholders' meetings for any Trust in which they hold units. A unitholder is bound by a resolution of unitholders, whether or not they attend the meeting at which it is passed.

## Interest in the Trusts

Each unit issued in a Trust entitles the unitholder to a beneficial interest in the total investments of the Trust but does not give the unitholder an interest in any particular part of the Trust.

## Unitholder liability

While the law in relation to unitholder's liability has not yet been settled, each Constitution limits a unitholder's liability in a Trust to the amount the investor has invested or agreed to invest.

## Termination of a Trust

The Responsible Entity can terminate a Trust, subject to the Corporations Act 2001, at any time by giving prior written notice. If a Trust is terminated, the Trust's assets must be converted to cash where possible and pay or provide for the Trust's liabilities (including those incurred in winding up the Trust and any unpaid fees). In the event the realisation of assets may be postponed.

Unitholders are entitled to a share of the balance of the assets in accordance with the Trust's Constitution. The final distribution of the Trust may include both a capital and income component.

## Financial information

An electronic copy of the Trust's annual report will be sent to investors each year however, you can request a printed copy of the annual report by contacting Ibbotson.

## Borrowings

Under each Constitution, the Trusts are permitted to borrow if necessary, in an attempt to facilitate short-term liquidity and foreign exchange needs and the redemption of units. By virtue of a Trust's exposure to alternative investment strategies, it may be exposed to borrowings and other liabilities.

## Distributions

Due to the nature of the investment strategies of the Ibbotson Global Trading Strategies Trust and Ibbotson Alpha Strategies Trust distributions are not expected during the term of the Total Return Swaps (except where net realised gains are earned on a partial realisation of a Total Return Swap in which case a distribution might be paid). If a distribution is made it will automatically be reinvested in additional units.

Special distributions for the Trusts may be declared outside of these times where necessary to preserve equity between unitholders.

The reinvestment unit price is the price calculated on the distribution date using that day's unit price determined after making an allowance for the income distribution (see page 35 for more information about unit prices). There would normally be no buy/sell spread associated with reinvestment because the assets remain invested in that Trust.

To calculate your distribution, the number of units you own on the relevant entitlement date is multiplied by the distribution cents per unit, as at the distribution date. This method for calculating distributions currently applies to all Trusts and all classes of units.

Unit prices may fall immediately after a distribution, reflecting the income that is paid out to you (see page 35 for more information about unit prices). If you invest just before a distribution, you might get some of your capital back as income. Conversely, if you redeem units just before a distribution, you might be converting what would otherwise be income into a capital gain or a reduced capital loss.

Provided that all income is distributed to unitholders in relation to the year it is earned, a Trust will not pay Australian income tax under current tax law.

You will be assessed on your share of the taxable income of the Trust in the year to which your entitlement relates, even if the income is reinvested into additional units.

Units allotted to New Zealand Investors pursuant to the reinvestment of any distribution will be issued in accordance with the terms and conditions set out in this PDS and the Constitution. In addition, within 30 days of the day on which the units are allotted to you, you will be sent a statement of the amount of the distribution and the number of units that have been issued to you.

New Zealand Investors are able to request from the Responsible Entity, free of charge, a copy of:

- ▶ the most recent annual report of the Trust(s) (if any);
- ▶ the most recent financial statements of the Trust(s) (if any);
- ▶ the current PDS (if any); and
- ▶ the Constitution and any amendments to it.

## Changes to the Trusts

New trusts may be added or existing Trusts may be closed, or the investment objective and risk profiles could be altered. You will be advised of material changes as soon as practicable and given at least 30 days notice before any material changes are made to any Trusts.

## Performance information

Investment performance becomes outdated very quickly. As such, past performance information has not been included in this PDS.

If you require up-to-date performance information on the Trusts, please contact Ibbotson using the contact details provided on page 41 of this PDS. Information can be provided to you, including paper copies, free of charge. In assessing any performance information you should bear in mind that past performance is not a reliable indicator of future performance.

## Investing in the Trusts

The Trusts accept investments from wholesale investors as defined by section 761G of the Corporations Act 2001. The Trusts accept investments from Staff Investors who qualify under Ibbotson's internal human resource policies and procedures governing its staff investment program. In this PDS, both wholesale investors and Staff Investors are referred to as Direct Investors in the Trusts.

When you invest in the Trusts, you apply for units in your selected Trust and automatically become a unitholder from the date of issue of units to you, even if the number or price of units cannot be calculated until a later time. The issue of units to you will be subject to your application monies being received and subject to your completion of all identification documentation required under Commonwealth Australian anti-money laundering and counter-terrorism requirements (see page 37). Your money is then managed according to the investment objective and strategy of the relevant Trusts. Please refer to pages 12–15 for details on risks associated with investing, and to pages 5–6 for key features of the Trusts.

If your application monies are not received, either units will not be issued to you or any units which have been issued may be cancelled and you will be deemed not to have been a unitholder. The amount owing, together with any costs and expenses incurred by the relevant Trust as a result of non-receipt of the monies, will be treated as a debt owing to the relevant Trust, units held by you may be redeemed in order to meet that debt.

You may also gain exposure to the Trusts through an IDPS, these investors are referred to as Indirect Investors in this PDS. Please refer to page 40 for more details on Indirect Investors.

### Making an initial investment

You can invest directly in the Trusts by completing the application form included at the back of this PDS and the anti-money laundering forms and information (see pages 37) which can be downloaded from Ibbotson's website (see 'AML forms and information' in the 'Document library' section) and paying the application monies. The minimum initial investment and ongoing investment in each Trust is \$500,000, but this amount may be waived and varied.

Application requests will be processed on the Transaction Day of the following month. Transaction Days will be on the last Business Day of each month. Application requests received and accepted are considered a firm commitment to invest in the Trust. Funds committed will need to be received five Business Days before the relevant Transaction Day. You will receive an interest in the Trust as at the relevant Transaction Day, and your units will be issued effective as at that date whether or not the number and value of the units is calculated then or at a later time. Applications will generally pay the entry price calculated as at the close of business on the Transaction Day of the following month (see page 35 for more information about unit prices).

The number of units allocated to you is based on the amount invested divided by the entry price. We reserve the right to decline any application that is submitted without the need to give reasons.

Once your application has been processed, a confirmation of your investment showing the amount invested, or which you have agreed to invest, the number of units issued, the entry price and the date the units were issued, will be sent to you usually within five Business Days.

If you do not receive a confirmation, please notify Ibbotson immediately. No interest is received on application monies, including monies for additional investments and no interest will be paid to you if for any reason (such as failure to complete the anti-money laundering forms) your application does not go ahead.

## Cooling-off period

Investors who are not wholesale investors are offered a 14 day cooling-off period in respect of investments in the Trusts.

If a cooling-off period applies to you, and you decide that your investment in the Trust(s) is not suitable, you can request in writing to have it cancelled during a 14 day cooling-off period. Your request must state that you are exercising your cooling-off right. The 14 day period commences on confirmation of your investment or five days after your units are issued, whichever is earlier. The amount refunded to you will reflect any change in unit prices, taxes, transaction costs (including buy/sell spreads) and administrative expenses incurred and will not include interest. Accordingly, the amount refunded may be less than the amount you initially invested.

## Switching between Trusts

You may switch your investment between Trusts subject to the redemption terms. The amount you switch must meet both the minimum redemption and switching investment amounts, which is currently \$500,000 for both the Ibbotson Global Trading Strategies Trust and the Ibbotson Alpha Strategies Trust, but this amount may be waived or varied.

When you switch, you are withdrawing your investment from one Trust and reinvesting it in another. To do this, you must complete and return both an application form (from the current PDS) and a redemption form (please contact Ibbotson for a copy of a redemption form if required).

When you request a switch, the units of the Trust you switch out of are redeemed at the exit price and the units of the Trust you switch into are issued at the entry price at the time of the redemption. As such, the buy/sell spreads of both Trusts will apply and the value of your investment may have changed. You become a unitholder in the new Trust as at the date of issue of your new units, whether or not the number or value of units can be calculated at that date. Please refer to the details on buy/sell spreads on page 21, and unit prices on page 35 for more information.

Any gain made as a result of switching between Trusts may make you liable for tax. It is recommended that you seek professional tax advice before you switch any units. More information on taxation can be found on pages 23–28.

## Making additional investments

The minimum additional investment in each Trust is \$500,000 but this amount may be waived and varied. You may make additional investments in the Trusts by completing Part B of the application form included in a current PDS (or another method agreed with Ibbotson) and paying the application monies.

The same terms and conditions for processing initial investments will apply when making additional investments.

## Making a redemption

So long as the Trust is liquid, as defined in the Corporations Act 2001, redemption requests will be processed in accordance with the terms and notice periods described below. The maximum redemption periods for the life of investments made pursuant to this PDS are 18 months for the Ibbotson Global Trading Strategies Trust and Ibbotson Alpha Strategies Trust. If a Trust is not liquid, you may only redeem from the Trust in accordance with the terms of a withdrawal offer made by the Responsible Entity.

### **IBBOTSON GLOBAL TRADING STRATEGIES TRUST**

You may request to redeem any or all of your units, subject to completion of a 12 month lock-up period and one month notification. The lock-up period refers to the 12 months after the date each unit is purchased, during which no redemptions can be made. Once the lock-up period has ended, generally redemption requests will be processed on the Transaction Day of the following month, provided one month's notice has been given. Generally, proceeds from the redemption will be paid to you by the last Business Day of the month following the Transaction Day. However there are risks of delays in pricing and processing redemptions and the redemption payment may be longer.

### **IBBOTSON ALPHA STRATEGIES TRUST**

You may request a redemption of part or all of your units, subject to the completion of the 12 month lock-up period and three months' notification. The lock-up period refers to the 12 months after the date each unit is purchased, during which no redemptions can be made.

Once the lock-up period has ended, generally redemption requests received three months prior to the last Business Day of a calendar quarter will be processed using the unit price effective for the last Business Day of that calendar quarter, otherwise the unit price effective for the last Business Day of the next calendar quarter will be used. Generally, proceeds from the redemption will be paid to you by the last Business Day of the month following the calendar quarter for which the redemption was processed. However there are risks of delays in pricing and processing redemptions and the redemption payment may be longer.

Listed below are examples of how your redemption request would be processed where an initial application has a unit price effective 31 July 2010 and a lock-up period ending 31 July 2011 (inclusive of that date).

#### **1. Redemption requests received by Ibbotson within the lock-up period**

A redemption request received by Ibbotson on 1 June 2011 will be processed using the unit price of 30 September 2011.

A redemption request received by Ibbotson on 30 July 2011 will be processed using the unit price of 31 December 2011.

#### **2. Redemption requests received by Ibbotson after the lock-up period**

A redemption request received by Ibbotson on 19 August 2011 will be processed using the unit price of 31 December 2011.

A redemption request received by Ibbotson on 1 October 2011 will be processed using the unit price of 31 March 2012.

The minimum amount that may be redeemed from the Ibbotson Global Trading Strategies Trust and Ibbotson Alpha Strategies Trust is \$500,000 or the balance of your investment in the Trust if the redemption request results in a balance less than \$500,000. We have discretion to waive and vary the minimum redemption amount.

Your redemption form must be completed and returned to Ibbotson in writing (please contact Ibbotson for a copy of a redemption form if required).

The number of units redeemed is based on the amount redeemed divided by the exit price. Please refer to unit prices on page 35 for more information.

The price of your units will continue to be subject to movements in the value of the Trust from the date you lodge your redemption request until the next relevant Transaction Day on which the withdrawal is processed.

Under each Constitution, redemption proceeds will be paid as soon as practicable after redemption. In some circumstances redemptions may take longer than the periods described above. This may occur where it is impractical to calculate the unit prices, where other unitholders may be disadvantaged by a redemption, where a delay is in the best interests of all unitholders or as otherwise permitted by the relevant Constitution and the law.

Where underlying Trust assets can only be realised after a substantial notice period, as is the case with some of the alternative strategies, this could also lead to a longer redemption time. If the liquidity of underlying Trust assets prohibits payment of part or all of your redemption proceeds in cash, then you may be required to receive part or all of your redemption proceeds in specie, meaning you may need to retain units in an illiquid Trust until such time as the underlying assets can be realised.

Redemption of units could make you liable for tax on any gain. It is recommended that you seek professional tax advice before you redeem units. More information on taxation can be found on pages 23–28.

### Transferring units

You may transfer units to another person at any time providing appropriate consent has been obtained. However, you may be required to complete appropriate anti-money laundering forms. Please contact Ibbotson for further information.

Transferring units from one unitholder to another could make you liable for tax on any gain and government duties may be payable on the transfer. It is recommended that you seek professional tax advice before you transfer any units. More information on taxation can be found on pages 23–28.

### Unit prices

The unit price is calculated by dividing the Net Asset Value (NAV) of each Trust by the number of units on issue in that Trust at the relevant time plus an allowance for transaction costs (including the buy/sell spread). Please refer to page 21 for information on buy/sell spreads.

Where a Trust has more than one class of unit, the unit price of each class of unit in a Trust is calculated by dividing the NAV of that class of unit by the number of units on issue in that class at the relevant time plus an allowance for transaction costs. The NAV of a class is calculated as if there was a separate Trust corresponding to the class of unit.

Valuations are generally undertaken on a monthly basis for the Ibbotson Global Trading Strategies Trust and the Ibbotson Alpha Strategies Trust, subject to the relevant Trust's constitution. Unit prices for Trusts exposed to alternative investment strategies will generally reflect the last available valuation.

Units are priced on a 'forward' or 'next price' basis. Under this method unit prices are struck using values available at the next valuation cut-off after the processing time. This minimises exposure to market timing practices, i.e. where a unitholder can gain advantage from known price movements known not yet reflected in the unit price. This forward pricing methodology is considered industry best practice.

### Valuation

Under each Constitution, the value of any property will be its current market value determined by reference to a recognised independent source, or by a method determined by a qualified independent valuer, or any other appropriate method which is capable of being verified independently by a registered company auditor including (but not limited to) estimates of value based on objective criteria, where actual figures are not available and where there will be no significant detriment to any unitholder. Trust property may be revalued whenever it is thought fit. Property acquired must be valued at cost (including acquisition cost) until revalued.

Under each Constitution, discretion may be exercised which can impact unit prices. The manner in which these discretions are exercised are outlined in the unit pricing policies.

Unitholders may obtain a copy of these unit pricing policies (and any records ASIC requires) free of charge upon request.

## Additional information

### Information on request from Ibbotson

You may contact Ibbotson between 9:00 am and 5:00 pm (Sydney Time) on any Business Day to assist with any questions you might have, or further information you may require, in relation to your investment in the Trusts. Ibbotson's contact details are shown on page 41.

If you are an Indirect Investor the following information does not apply.

### Changing your details

You must inform Ibbotson of any change to your details, including contact details, distribution instructions, bank account details or account operating instructions.

To advise changes, please complete the relevant sections of the application form at the back of this PDS and forward it to Ibbotson. A confirmation of these changes will be sent to you.

### Confirmation of transactions and reporting

You will be provided with a confirmation of your transaction once it is processed, usually within five Business Days after you have supplied all relevant information required. This may be when you make your initial investment, additional investment, redemption, switch or transfer or if the terms of the Trusts are varied. A quarterly statement detailing your transactions over the previous quarter, including any distribution will be sent to you. At the end of each financial year you will be sent a statement for tax purposes. If at any other time you would like a transaction statement of your investment and unit price information or the financial statements for the Trusts, please contact Ibbotson.

### Privacy statement

By applying to invest in the Trust, you consent and agree to information about you being obtained and used by the Responsible Entity, Ibbotson and other parties as explained in this privacy statement. This privacy statement applies to individuals who invest directly in the Trusts. The type of information held includes your name, address and other information that you provided when opening your account as well as records of your account transactions and the value of your unitholding.

Your information may be used to:

- ▶ provide the products and services you request;
- ▶ efficiently manage and administer all investments and services provided; and
- ▶ ensure that internal business operations run smoothly, which may include fulfilling all legal requirements and conducting confidential systems maintenance and testing.

Your personal information may be provided confidentially to external service providers, including the custodian, auditors, taxation and legal advisers and information technology consultants.

Unless you inform us otherwise, your personal information may also be provided to Ibbotson's and the Responsible Entity's related parties or used to inform you of products and services offered by any related parties. Additionally, information will be disclosed if required by law to do so (including under legislation in relation to anti-money laundering and counter-terrorism), or if you provide your consent.

If you don't wish for information to be sent to you about other products managed by Ibbotson, please note this in the relevant box provided on your application form or contact Ibbotson on the contact details shown on page 41.

Every effort is made to ensure that the personal information retained about you is accurate, complete and up-to-date. If you provide incomplete or inaccurate information you may not receive the products or services you are seeking.

You can request access to your personal information that we have on record. If you believe that any information is incorrect or out of date, you may ask for it to be corrected. There is no fee for requesting access to or correcting your information.

If you do not provide this information, your transactions may not be processed, units may not be issued to you within the time periods contemplated in this PDS, or redemption payments may not be made until the information requested has been received.

The privacy policy can be found on Ibbotson's website, alternatively contact Ibbotson on the details shown on page 41 to request a free copy.

### Commonwealth anti-money laundering and counter-terrorism requirements

The Responsible Entity and Ibbotson are required by the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 to obtain additional information from new investors as to their identity, source of funds and similar matters, and to verify that information by sighting appropriate documentation. These requirements may also apply in relation to existing unitholders.

New investors (and existing unitholders required to provide additional information) can provide additional information via an AML/CTF form (AML Form) on Ibbotson's website. Please log on to [www.ibbotson.com.au](http://www.ibbotson.com.au) and see 'AML forms and information' in the 'Document library'. Details about and the way in which additional information can be verified, are on Ibbotson's website. For example, individuals will be required to produce a current photographic identification document such as a current passport or driver's licence, or to provide a certified copy of the document, in order to verify their identity details. Information as to who is allowed to certify the copy of the original document will also be provided on Ibbotson's website (log on to [www.ibbotson.com.au](http://www.ibbotson.com.au) and see 'AML forms and information' in the 'Document library'). Alternatively contact Ibbotson to request a free copy of any AML form or related information.

The Responsible Entity and Ibbotson reserve the right to request information as is necessary to verify the identity of any investor and their personnel (for example, if an investor is a company, the identity of the company directors may need to be verified) and to assess the likelihood of the investor or their staff being involved in money laundering or terrorism financing.

Information that you provide may be disclosed to the Australian Transaction Reports and Analysis Centre under Australian law (or by investment managers resident in other countries who are subject to similar legislation in their own countries). You may not be informed if such a disclosure is made. Otherwise your information will be kept confidential.

If you do not provide the required information, application will not be processed until the information requested has been provided to us and all anti-money laundering checks have been completed. This may mean that the units may not be issued and redemption payments may not be made within the time periods contemplated in this PDS.

By applying for units through this PDS, you agree that we may in our absolute discretion, not issue units to you, refuse the transfer of units you wish to sell or purchase, delay, block or freeze any transactions or cancel or redeem any units

which have been issued to you if we believe such action to be necessary or desirable in light of our obligations under the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 or any related legislation. In the above circumstances, we will not be liable to you for any resulting loss.

New Zealand Investors may be subject to different certification requirements and may be required to complete or provide additional identification documentation to complete their investment.

## Complaints

Ibbotson aims to provide you with quality ongoing service and has established procedures for dealing with complaints. If you are a Direct Investor and are dissatisfied or have a complaint about your investment in the Trusts, in the first instance please contact Ibbotson Client Services.

If you find the response is not satisfactory, you may send a written complaint addressed to:

### **Client Services**

Ibbotson Associates Australia Limited  
Level 36, Australia Square  
264 George Street  
Sydney NSW 2000

Your written complaint will be acknowledged within three Business Days of receipt and Ibbotson's Client Services team will make every effort to resolve your complaint within 21 days of receipt.

If you are still not satisfied, you may refer the matter to the Financial Ombudsman Service (FOS) of which Ibbotson and the Responsible Entity are members. FOS is an independent dispute resolution body whose services are free to complainants Ibbotson and the Responsible Entity are bound by the decisions made by FOS.

FOS can consider claims of up to \$500,000 (or higher if you and the responsible entity otherwise agree in writing). FOS is only able to make a determination of up to \$150,000 per managed investment claim (excluding compensation for costs and interest payments) lodged up to 31 December 2011. For claims lodged from 1 January 2012, the amount per claim will increase to \$280,000. These monetary limits and the FOS terms of reference do change from time to time. Ibbotson and the Responsible Entity are bound by the decisions made by FOS. Current details can be obtained from the FOS website listed below. The contact details for FOS are:

### **Financial Ombudsman Service**

GPO Box 3  
Melbourne VIC 3001  
Tel: 1300 780 808  
Fax: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Web: [www.fos.org.au](http://www.fos.org.au)  
Fax: (03) 9613 6399

The dispute resolution process described in this document is only available in Australia and is not available in New Zealand.

## Consent

Macquarie have given their written consent and, as at the date of this PDS, not withdrawn such consent to be included in this PDS in the form and context in which they are included.

## Investment by the Responsible Entity

The Responsible Entity, or one of its related body corporates, may invest in the Trust in its capacity as the trustee of other investment and superannuation funds. Any investment would be at commercial fee rates which may represent lower fees than those currently specified in the table in page 17.

## Important information for New Zealand Investors in the Trusts

This offer to New Zealand Investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand Investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand. Copies of the Constitution and the relevant constituent documents of the Responsible Entity are available on request from the Responsible Entity.

**The above warning statement is required pursuant to the Securities (Mutual Recognition of Securities Offerings — Australia) Regulations 2008. If you credit New Zealand dollars to our application account you may incur an unfavourable currency conversion rate and you will also have to pay any applicable fees. You can avoid these fees by only crediting Australian dollars. If you are a New Zealand resident investing in the Trusts, any distributions will be paid to you in Australian dollars. Refer to 'Investment risks and decision making' on page 12 for more information on currency risks.**

## Indirect Investors

This section only applies to investors who are investing in the Trusts through an IDPS, ie as an Indirect Investor in the Trusts. If you are investing through an IDPS, your application should be made using the forms provided by your IDPS operator only. Do not use the forms provided in this PDS. Please consult your adviser or IDPS operator if you are uncertain if this applies to you.

If you are investing in any of the Trusts through an IDPS operator, you are directing the operator of that IDPS to arrange for your monies to be invested in the Trusts on your behalf. Accordingly, you:

- ▶ are not a Direct Investor in the Trusts;
- ▶ are not registered as a unitholder in the Trusts;
- ▶ do not receive distributions of income, tax statements or reports directly from Ibbotson (as these will be made to your IDPS operator or its custodian); and
- ▶ are not entitled to receive notice of, attend or vote at unitholder meetings or participate directly in the winding up or termination of any of the Trusts.

The operator of that IDPS acquires those rights and can exercise, or decline to exercise them, on behalf of Indirect Investors.

References in the PDS to 'you' or 'your' should be read as references to your IDPS operator, as the context indicates.

Your IDPS operator will be responsible for confirming transactions, providing reports and responding to your enquiries. You should refer to your IDPS operator as the first point of contact regarding any enquiries about your investment (and for any issues that remain unresolved, contact the complaints scheme of which they are a member). You will also need to notify your IDPS operator of any changes in your details.

Please refer to the IDPS operator for information on:

- ▶ how to invest or make additional investments or switch between Trusts (as you do not complete the application form included in this PDS or any Ibbotson forms);
- ▶ the minimum initial investment, additional investment, or switching amounts;
- ▶ how to redeem investments and the minimum redemption amounts;
- ▶ any additional fees charged by your IDPS operator that may apply.

Indirect Investors should read the guide provided by the IDPS operator and should also seek appropriate professional taxation and investment advice.

We are not responsible for the operation of an IDPS.

## Contact details

### **Responsible Entity**

IOOF Global One Limited  
Level 6, 161 Collins Street  
Melbourne VIC 3000

Fax: +61 2 9028 5942

Web: [www.ioof.com.au](http://www.ioof.com.au)

### **Investment Manager**

Ibbotson Associates Australia Limited  
Level 36, Australia Square  
264 George Street  
Sydney NSW 2000

Tel: +61 2 9276 4550

Fax: +61 2 9276 4560

Web: [www.ibbotson.com.au](http://www.ibbotson.com.au)

Email: [client.enquiries@ibbotson.com](mailto:client.enquiries@ibbotson.com)

## Application checklist

The following information is required to process your application and administer your investments. Please check that you have completed the following sections of the application form as specified. If you are a new Investor, please ensure that in addition to completing the application form, you complete and submit with the application form the relevant AML/CTF regime form (AML Form). The AML Form you need to complete can be found on Ibbotson's website at [www.ibbotson.com.au](http://www.ibbotson.com.au) (under 'Document library' and the 'AML forms and information' tab) or can be requested from Ibbotson.

Please complete the AML Form that applies to the type of Investor you are. For example, if you are an individual Investor complete the 'Individual & Sole Traders' AML Form.

Applications can only be accepted when all necessary information is received and we retain the right to decline applications without the need to give reason. New Zealand Investors may be subject to different certification requirements and may be required to complete or provide additional identification documentation to complete their investment.

### Part A – Investor information

#### Investor details

- ▶ Complete the full details as specified.
- ▶ Trust or superannuation fund investors must include the name of the trustee or responsible entity as well as the trust or fund name, and the Australian Business Number (ABN) of the trust or fund.
- ▶ Nominate your details as an existing or new investor as specified.
- ▶ Nominate whether you are a NZ resident for tax purposes.

#### Contact details

- ▶ Provide the details of the person to whom reports and other information should be sent.

#### Distribution instructions

- ▶ Tick your choice in the relevant box.
- ▶ If no election is made, your distribution will be reinvested in additional units.

### Account details

- ▶ Complete the account details into which all payments, including distributions (if this option is chosen) will be paid.
- ▶ If banking details are not provided, all payments will be sent to the address provided in the contact details on Part A of the application form.

#### Tax File Number (TFN) notification

- ▶ Complete your TFN or exemption as appropriate.
- ▶ Trust or superannuation funds' TFNs should be used rather than that of the responsible entity or trustee.

#### Investment operating authority

- ▶ Ensure the form is signed by all signatories on behalf of the investor.
- ▶ Indicate the number of signatories required to sign on behalf of the investor or any other signing requirements.
- ▶ If insufficient space, please attach a separate sheet.

**Anti-Money Laundering legislation requirements**

- ▶ If you are a new investor, please go to Ibbotson's website (see 'AML forms and information' in the 'Document library') for the anti-money laundering forms you will need or contact Ibbotson for assistance.
- ▶ Read the warranties carefully.

**Declarations and indemnity**

- ▶ Read the declaration carefully.

**Authorisation of application form Part A – investor information**

- ▶ Ensure that the investor information has been signed and dated by the appropriate signatories.

**Part B – Transaction information**

**Investor details**

- ▶ Nominate your details as an existing or new investor as specified.
- ▶ Trust or superannuation fund investors must include the name of the trustee or responsible entity as well as the trust or fund name.

**Trust investment allocation**

- ▶ Complete your allocation details including the dollar amount to be invested in each Trust.
- ▶ Indicate for each allocation whether this is an initial or additional investment.
- ▶ Specify the total amount of your investment.

**Method of payment**

- ▶ Indicate the method of payment for your investment (investors making additional investments only need to complete this section if the method of payment is different from that advised at the time of initial investment).
- ▶ Ibbotson does not accept payment by cheque.
- ▶ If you require assistance in completing the application form, please contact Ibbotson on the contact details shown on page 41 of this PDS.
- ▶ Please fax your application form to 02 9276 4560



# Application form

## Part A – Investor information (continued)

### 3. Account details into which all payments, including redemptions and distributions (if chosen) will be made

You can nominate an Australian bank, building society or credit union account that is held in your name(s)

Financial institution name:													
Branch name:													
Branch address:													
Account name:													
Branch No. (BSB):							/						
Account number:													

### 4. Tax file number (TFN) or IRD number notification *optional*

TFN, IRD Number or Exemption:														
Exemption Reason:														

**Note:**  
Provision of your personal, Trust or Superannuation Fund TFN is not compulsory. However, if you choose not to provide this information, we are required to deduct tax from your distribution at the highest marginal rate plus Medicare levy. The collection, use and disclosure of TFNs is strictly regulated by tax laws and the Privacy Act.

### 5. Investment operating authority

The people whose names and signatures appear below are authorised to deal with your investment in the Ibbotson Alternative Trusts. Ibbotson and the Responsible Entity may accept and act upon notices, instructions and requests from these people, until written notice is received advising new authorities. Ibbotson will confirm receipt of new written authorities – please notify Ibbotson if this confirmation is not received (if insufficient space, please attach a separate sheet).

Title	Given Name(s)	Surname	Signature	Date

Please tick (✓) the relevant box.

Any one of us to sign       All of us to sign       Other (specify)

## Application form

### Part A – Investor information (continued)

#### 6. Anti-money laundering legislation requirements

If you are investing in the Trusts for the first time, please complete the relevant AML Form (which is available on the Ibbotson website) and send it to us along with all relevant supporting documentation. We may need to verify this information or obtain additional from you in which case we will contact you with further details. New Zealand Investors may be subject to different certification requirements and may be required to complete or provide additional identification documentation to complete their investment.

#### **Warranties as to Commonwealth Anti-Money Laundering and Counter-Terrorism – for both existing and new investors.**

*(Terms used in this section are defined on Ibbotson's website – see 'AML forms and information' in the 'Document library'.*

*Alternatively contact Ibbotson on the details shown on page 41 to request a free copy.)* Where the Trusts invest in overseas funds which are subject to US legislation, the investment managers need to know that the investors are not involved in money laundering so that those managers can meet their own anti-money laundering obligations under US law. Therefore, by making this application, you represent and covenant that neither you, nor any Related Person, is:

- ▶ a person or entity whose name appears on the US Specially Designated Nationals List;
- ▶ a Non-US Shell Bank;
- ▶ a person or entity resident in, or whose subscription funds are transferred from or through, an account in a Non-Cooperative Jurisdiction;
- ▶ a Senior Non-US Political Figure;
- ▶ a member of the Immediate Family of a Senior Non-US Political Figure;
- ▶ a Close Associate of a Senior Non-US Political Figure;
- ▶ resident in, organised or chartered under the laws of, a jurisdiction that has been designated by the Secretary of the Treasury under Section 311 or 312 of the USA PATRIOT Act as warranting special measures due to money laundering concerns;
- ▶ entities and/or their persons that are subject to economic sanction including, without limitation, all applicable sanctions regimes promulgated by the United Nations, the European Union, the U.S. Office of Foreign Assets Control, and/or any other applicable jurisdiction's economic sanctions laws; and that the funds that you are investing do not originate from, nor will be routed through, an account maintained at a Non-US Shell Bank, an 'offshore bank' or a bank organised or chartered under the laws of a Non-Cooperative Jurisdiction. You agree to notify us promptly of any change in information affecting any of these representations and covenants.

#### 7. Declarations and indemnity

- ▶ I/We have received, read and understood the PDS for the Ibbotson Alternative Trusts dated 1 June 2011.
- ▶ I/We agree to be bound by the terms and conditions set out in the PDS for the Trusts, the terms of the Trusts' Constitutions and the law and any agreement between the Responsible Entity, Ibbotson and myself/ourselves, in each case as amended from time to time.
- ▶ I/We agree to the 12 month lock-up period that applies to all monies I/we invest in the relevant Trust, from the date I/we purchase each unit. I/We acknowledge this means that I/we will not be able to redeem during the first 12 months for each unit I/we purchase.
- ▶ I/We authorise you to automatically redeem any of my/our units in order to fund payment of your performance fees owing as set out in the PDS.
- ▶ I/we acknowledge and agree that I/we will not receive any invoice in connection with payment of your performance fees and acknowledge and agree that I/we may become liable for capital gains taxes upon redemption of units to fund any such performance fees.
- ▶ I/We acknowledge that investments in the Trusts are not deposits with or other liabilities of the Responsible Entity, or of any related corporation of the Responsible Entity, and are subject to investment risk, including possible delays in repayment and loss of capital invested.
- ▶ I/We further acknowledge that neither the Responsible Entity, Ibbotson, nor any of their related companies, directors, officers, the Investment managers appointed or any of their external service providers, guarantee that my/our investment will gain or retain its value, guarantee the repayment of capital or guarantee the performance of any of the Trusts.
- ▶ I/we consent to receive any requisite notifications electronically (or as preferred by Ibbotson).
- ▶ I/We declare that all details given in this application form are accurate and complete and that I/we have the power to invest in the Trust(s).
- ▶ I/We am/are either an Australian resident or a New Zealand resident and received and accepted this offer in Australia or New Zealand.
- ▶ I/We agree to give further information or personal details to the Responsible Entity if it reasonably believes that they are required to meet its obligations under anti-money laundering, counter-terrorism or taxation legislation. By making this application, I/we represent and covenant that the funds I/we are investing are not the proceeds of crime, money laundering, nor connected with the financing of terrorism.

## Application form

### Part A – Investor information (continued)

- ▶ I/we agree that the Responsible Entity may in its absolute discretion determine not to issue units to me/us, refuse to transfer units from or to me/us, may cancel any units which have been issued to me/us or may redeem any units issued to me/us if the Responsible Entity believes such action to be necessary or desirable in the light of its obligations under the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 or any related legislation.
- ▶ I/We agree that once this application form has been received by you, it cannot be withdrawn.
- ▶ I/We declare that I am/we are not commonly known by any other names different from those disclosed in this application form.
- ▶ I/We declare any documents or information used for verification purposes in support of my/our application are complete and correct.
- ▶ I/We acknowledge that it may be a criminal offence to knowingly provide false, forged, altered or falsified documents or misleading information or documents when completing this application.
- ▶ I/We acknowledge that if I/we fail to pay the full amount of the application monies in respect of the units the subject of this application either at the same time as making this application, or by any later date agreed with us, the amount owing together with any costs, expenses or damages incurred in relation to the Trusts as a result of the non-payment, shall be a debt payable by me/us to the Responsible Entity in relation to the Trusts and either no units will be issued to me/us or any units which have been issued may be cancelled or redeemed by the Responsible Entity in its discretion.
- ▶ I/We agree to meet the costs, expenses or penalties incurred by the Trust(s) in relation to the realisation of Trusts' assets to meet any redemption request I/we make, or any request for redemption proceeds to be paid to me/us by a particular method, and any other costs, expenses, losses, liabilities or damages incurred by the Responsible Entity or a Trust on my/our behalf, or other amounts owing by me/us in relation to any Trust, and to repay any amount paid by the Responsible Entity to redeem my/our Units in order to meet such costs, expenses, penalties, losses, liabilities, damages or other amounts owing in respect of any Trust and in order to meet any outstanding management fees payable by me/us to you.
- ▶ I/We indemnify the Responsible Entity and its agents (including Ibbotson) in respect of any loss, claim or liability incurred by any of them relying on or acting pursuant to this application form or any notices, instructions and requests received by persons listed in section 6 of Part A of this application form.
- ▶ I/We agree that, if I/we have provided an email address in section 2 of Part A of this application form that the Responsible Entity (and any of its agents appointed for this purpose) may correspond with me/us using the email address provided for any purpose related to the administration of my investment in the Trusts.
- ▶ If I am/we are a New Zealand Investor, I/we have received the 'Important Information for New Zealand Investors'.

#### Authorisation of application form Part A – Investor information

Name:

Director/Sole director/Secretary/Other (delete as applicable)

Signature:

Date:

 /  / 

Name:

Director/Sole director/Secretary/Other (delete as applicable)

Signature:

Date:

 /  / 

**Note:**

Corporations may sign with or without a common seal. In either case, it must be signed by two directors or by a director and a secretary. For proprietary companies with a sole director, that director must sign and state that he/she is a sole director and sole company secretary.



# Application form

## Part B – Transaction information (continued)

### 3. Method of payment

Please (✓) the relevant box and complete the details. Alternative methods of payment may be arranged if required.

**Note:**

Investors making additional investments only need to complete this section if the method of payment is different from that advised at the time of the initial investment. **Ibbotson does not accept payment by cheque.**

<input type="checkbox"/> <b>Austraclear</b>	Ibbotson's Austraclear Code: CMNL20	Your Austraclear Code:
<input type="checkbox"/> <b>Real Time Gross Settlement (RTGS)</b>	<b>Details to be advised to your RTGS paying bank</b>	<b>Your Bank's Details</b>
<b>Financial Institution:</b>	JPMorgan Chase Bank Australia	
<b>Branch Address:</b>	Brisbane	
<b>Account Name:</b>	JPMorgan Chase London	
<b>Account No:</b>	012-000-307	
<b>BSB No:</b>	214-400	
<b>SWIFT Address:</b>	CHASAU2X	
<b>Reference:</b>	GTI 29719	

**Note:**

Your application will not be deemed to be received until Ibbotson has received the signed application form. Please refer to 'Investing in the Trusts' on page 32 of the PDS for details of processing cut-off times.

Please (✓) this box if you do not wish to receive information about other products managed by Ibbotson.

### Authorisation of application form Part B – Transaction information

Name:

Director/Sole director/Secretary/Other (delete as applicable)

Signature:

Date:  /  /

Name:

Director/Sole director/Secretary/Other (delete as applicable)

Signature:

Date:  /  /

**Note:**

Corporations may sign with or without a common seal. In either case, it must be signed by two directors or by a director and a secretary. For proprietary companies with a sole director, that director must sign and state that he/she is a sole director and sole company secretary.

Please fax your application form to: 02 9276 4560

ibbotson.

Level 36, Australia Square  
264 George Street  
Sydney NSW 2000

Tel: 02 9276 4550  
Fax: 02 9276 4560

[www.ibbotson.com.au](http://www.ibbotson.com.au)