Product Disclosure Statement (PDS)
ipac Income Generator
Issued 22 June 2012
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Issuer ipac asset management limited (‘ipac’) ABN 22 003 257 225, Australian Financial Services Licence Number 234655. No other company in the AMP Group is responsible for any statements or representations made in this PDS.
Fund ipac Income Generator (ARSN 140 154 981, APIR IPA0076AU)

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This PDS was prepared in accordance with Subdivision 4.2C of Division 4 of Part 7.9 of the Corporations Regulations 2001.
This PDS may be used by master trusts or platform operators and direct investors, referred to in this PDS as ‘direct investors’, to apply for units in the Fund. The master trusts and platform operators can give the PDS to their customers (indirect investors) to provide them with Fund information they may use in making a decision about instructing the platform operator to invest in the Fund on their behalf, and to compare to other funds they may be considering. Direct investors are unitholders in the Fund; their rights differ from the rights of indirect investors, who are not unitholders.

important information

This Product Disclosure Statement (PDS):

~ provides a summary of significant information about the ipac Income Generator, referred to as ‘ipac income Generator’ or ‘the Fund’ and your investment in the Fund, and

~ incorporates a number of references to further important information, each of which forms part of this PDS. This ‘incorporated information’ is indicated by the symbol ✗ and is available online at http://www.ipac.com.au/ig.

Before making a decision about investing or reinvesting in the Fund, all investors should consider the information in the PDS and all the incorporated information. A copy of the current PDS and incorporated information can be obtained free of charge, on request by contacting us on 1800 624 542.

Information in this PDS can help investors compare the ipac Income Generator to other funds they may be considering. The information in this PDS is general information only and does not take into account any investor’s personal objectives, financial situation or needs. All investors should obtain financial advice that is tailored to their circumstances.
1. about ipac asset management limited

ipac is an investment company that has been helping clients achieve their financial goals and chosen lifestyles since 1983. ipac is one of Australia’s largest operators of multi-manager portfolios. As at 1 January 2012, ipac managed in excess of $12 billion for more than 20,000 clients, from individuals to Australian superannuation funds.

ipac, as the responsible entity of ipac Income Generator (‘Responsible Entity’, ‘we’, ‘us’ or ‘our’), is responsible for the operation of the Fund under its constitution, the Corporations Act and general laws and also for appointing a portfolio manager. The Responsible Entity has appointed ipac portfolio management limited (‘the Portfolio Manager’) ABN 51 071 315 618 Australian Financial Services Licence Number 234658 as the Portfolio Manager of the ipac Income Generator.

The Portfolio Manager is responsible for conducting extensive research into specialist investment managers. These managers range from large global firms to boutique managers. The Portfolio Manager then blends these managers to construct a portfolio that aims to achieve the investment objectives. The Portfolio Manager has appointed specialist investment managers to carry out the day-to-day investment of the ipac Income Generator.

ipac and the Portfolio Manager are part of the AMP Group.

More information about ipac is available online at www.ipac.com.au.

You should read the important information about the investment managers before making a decision. Go to http://www.ipac.com.au/ig – select ‘Incorporated information’ from the tools and resources menu, and go to ‘about ipac’ and refer to ‘investment managers’. The material relating to investment managers may change between the time when you read this PDS and the day when you acquire the product.

2. how the ipac Income Generator works

The Fund aims to deliver regular income with some capital growth over the medium to long term through investment in a diversified mix of growth and defensive assets, with a focus on income generation.

investing in a managed investment scheme

The Fund is a managed investment scheme structured as a unit trust and registered under the Corporations Act 2001 (Cwlth). A managed investment scheme is where investors’ money is pooled together to purchase the scheme’s assets, and it is the investment manager, not investors, who has day to day control of the scheme. The Fund’s constitution, along with the Fund’s PDS, the Corporations Act and other relevant laws, sets out the relationship between us and investors.

the value of your investment

Investors in a managed scheme are issued with ‘units’, each of which represents a share of the value of the scheme’s assets. Unit prices can rise and fall on a daily basis depending on a number of factors, including the market value of the Fund’s assets. Consequently, the value of your investment will vary from time to time.

direct investors

The value of your investment at any point in time is calculated by multiplying the number of units you hold by the current unit price. Unit prices are updated regularly and can be obtained by contacting us at 1800 624 542.

indirect investors

When you invest through this PDS, the platform operator holds units on your behalf. The value of your investment at any point in time is calculated by multiplying the number of units held for you, by the unit price set by the platform operator. Your financial adviser or platform operator can provide you with the current unit price relevant to your investment in the Fund.
investing and withdrawing

who can invest?

Applications to invest in the Fund through this PDS can only be made either:

~ through a master trust or wrap account which has entered into an appropriate agreement with ipac, or

~ directly by contacting ipac by wholesale investors that fall within one of the exceptions contained in the Corporations Act (Cth) 2001 so that an offer can be made to the applicant without requiring a disclosure document under part 7.9 of the Corporations Act.

The offer made in this PDS is only available to investors receiving it electronically or otherwise in Australia.

how to apply

direct investors ipac may accept direct investors into the ipac Income Generator at our discretion. ipac reserves the right to accept or reject all direct investment applications. Direct investors must make an initial investment of more than $5,000,000, and all additional investments must be greater than $1,000,000. We reserve the right to vary this minimum. If approved by ipac as a direct investor, ipac will provide direct investors with an Application Form and further details in relation to their investment application.

indirect investors Your financial adviser or platform operator will provide you with information about how to apply, including the form you will need to complete, minimum initial and additional investment amounts, and payment methods.

accessing your money

direct investors can withdraw part or all of their investment at any time by sending or faxing a completed redemption request form to ipac (form provided on request). The minimum amount direct investors can withdraw from the ipac Income Generator is $1,000,000, and direct investors will need to have at least $5,000,000 remaining in the ipac Income Generator after all withdrawals. If a direct investor’s balance falls below $5,000,000, we have the right to withdraw the remaining balance and forward the proceeds to you. We reserve the right, however, to vary these minimums.

indirect investors Redemptions from the ipac Income Generator can be made via your master trust or wrap account. You can withdraw part or all of your investment at any time by providing your master trust or wrap account operator with appropriate instructions.

payment times

Redemption requests will normally be processed within 10 Sydney business days of receipt of request by the Responsible Entity, although the Constitution allows up to 365 days for the ipac Income Generator, or a longer period if the Responsible Entity is unable to realise assets within that time due to circumstances beyond its control. In some circumstances, such as when there is a freeze on withdrawals, members may not be able to withdraw their funds within the usual period.

distributions

direct investors The ipac Income Generator will normally distribute income monthly in cash, but can make additional distributions at any time. The monthly distributions will be based on ipac’s estimate of the the Fund’s annual income in the current financial year. There may be two distributions made in June:

~ a distribution representing a portion of the forecastable income of the Fund for the financial year, and

~ a distribution representing realised capital gains and any other distributable income for the financial year.

You should be aware that although the Fund aims to pay distributions monthly, the amount of each distribution may vary or no distribution may be payable in a month.

indirect investors For indirect investors, the distribution payment details above are dependent on the arrangements in place between ipac and your master trust or wrap account operator. Alternative distribution payment arrangements may apply. Please contact your financial adviser or master trust or wrap account operator for further information about how often distributions are paid, and the distribution payment method.

You should read the important information about how the Fund works before making a decision. Go to http://www.ipac.com.au/ig – select ‘Incorporated information’ from the tools and resources menu, and go to ‘Investing your money’, ‘accessing your money’, ‘income distributions’ and ‘our legal relationship with you’. The material relating to how the Fund works may change between the time when you read this PDS and the day when you acquire the product.
3. benefits of investing in the ipac Income Generator

significant features and benefits

meeting the need for income and capital growth
All through your working life there has been a very important constant – regular and reliable income that has helped fund your lifestyle and build your nest egg.

In retirement, you move from saving with the aim of building wealth to unlocking your capital to providing regular income to fund your lifestyle. This income will either supplement your salary as you transition from full time employment or deliver a reliable income if you have retired.

You will need your capital and income to continue growing over time to maintain the purchasing power of your money.

the ipac Income Generator
The ipac Income Generator has been built to deliver a number of benefits to investors:

1. regular and reliable income
The Fund pays income monthly. The aim is to deliver regular income by investing in a diversified mix of income-producing assets:
   ~ traditional income-generating investments like fixed income, and
   ~ growth assets like shares, particularly Australian shares that generally pay higher dividends and can provide franking credits.

2. long term growth in your capital and income
By investing in growth assets, the Fund aims to deliver some long term growth in your income and capital. In addition to regular monthly income payments, any capital gains the Fund makes will be paid in a separate distribution that will be automatically reinvested to help grow your capital base, and therefore the income it can deliver, over time.

3. managed for low marginal tax investors
The Fund is designed for investors on low marginal tax rate, such as retirees.

4. daily liquidity
We have combined different asset classes and strategies that are very liquid.

You should read the important information about the benefits of investing and the features of the Fund before making a decision. Go to http://www.ipac.com.au/ig – select ‘Incorporated information’ from the tools and resources menu, and go to ‘features and benefits’ and ‘our legal relationship with you’. The material relating to the features and benefits may change between the time when you read this PDS and the day when you acquire the product.

4. risks of managed investment schemes

all investments carry risk
Assets with the highest long-term returns may also carry the highest level of short-term risk, particularly if you do not hold your investment for the minimum suggested investment timeframe. Additionally, different investment strategies may carry different levels of risk, depending on the assets in which a fund invests.

When you invest in a managed investment scheme, you should be aware that returns are not guaranteed – future returns may differ from past returns, the level of returns may vary, the value of your investment may vary, and there may be the risk of loss of invested capital.

The value of your investment may also be affected by the risks specific to the Fund as noted on page 6 and by other risks or external factors such as the state of the Australian and world economies, consumer confidence and changes in laws and regulations including tax laws and government policies relating to managed investment schemes.

Other factors such as your age, the length of time you intend to hold your investment, other investments you may hold, and your personal risk tolerance will affect the levels of risk for you as an investor. As the risks noted in this section do not take factors such as these into account, you should consider obtaining appropriate financial advice before making a decision about investing or reinvesting in the Fund.
risks specific to the Fund

Risks specific to the ipac Income Generator may include or be associated with:

- **market risk** - the risk of a fall in the price of assets within a particular market
- **currency risk** - the risk that movements in foreign currencies will reduce the returns from unhedged international investments, including income
- **counterparty risk** - entry into some financial transactions, such as swaps, creates counterparty risk. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations or experiences financial difficulties.
- **liquidity risk** - the risk that an investment may not be easily converted into cash with little or no loss of capital and minimum delay, because of inadequate market depth or disruptions in the marketplace
- **investment specific risk** - the risk of a fall in the price of an individual investment within the Fund
- **international risk** - risks such as political and economic instability of overseas countries
- **debt and leverage** – some of the underlying securities managers may use leverage or borrowings
- **use of derivatives** - the use of derivatives can cause losses. The underlying investment managers may use derivatives such as options, futures, or forward exchange rate agreements.

You should read the important information about risks before making a decision. Go to http://www.ipac.com.au/ig – select ‘Incorporated information’ from the tools and resources menu, and go to ‘investor risks’. The material relating to risks may change between the time when you read this PDS and the day when you acquire the product.

5. how we invest your money

The ipac Income Generator invests in a diversified mix of growth and defensive assets, with a focus on income generation. The ipac Income Generator invests using a range of specialist investment managers. While open to all investors, this Fund has been designed with low marginal tax payers in mind.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target%</th>
<th>Range%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian shares</td>
<td>32</td>
<td>15-45</td>
</tr>
<tr>
<td>International shares</td>
<td>5</td>
<td>0-15</td>
</tr>
<tr>
<td>Property</td>
<td>5</td>
<td>0-15</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>5</td>
<td>0-10</td>
</tr>
<tr>
<td>Fixed income</td>
<td>41</td>
<td>30-70</td>
</tr>
<tr>
<td>Hybrids and other</td>
<td>2</td>
<td>0-5</td>
</tr>
<tr>
<td>Inflation linked bonds</td>
<td>10</td>
<td>0-20</td>
</tr>
<tr>
<td>Cash</td>
<td>0</td>
<td>0-20</td>
</tr>
</tbody>
</table>

investment return objective*

The Fund aims to provide regular income with some capital growth over the medium to long term with moderate fluctuations in value likely.

suggested minimum investment timeframe

5 years

summary of risk level

<table>
<thead>
<tr>
<th>risk band</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>risk label</td>
<td>Very low</td>
<td>Low</td>
<td>Low to medium</td>
<td>Medium</td>
<td>Medium to high</td>
<td>High</td>
<td>Very high</td>
</tr>
</tbody>
</table>

The Fund’s risk level of medium to high is based on our estimation that the number of negative annual returns over any 20 year period would be within the range of 3 to less than 4. Information about the methodology used for calculating the risk level can be obtained by contacting us. This risk summary is not a complete description of the risks of investing in the Fund. Consequently, before choosing to invest or reinvest in the Fund, you should read the Fund’s PDS and Incorporated Information, and consider factors such as the likely investment return, the risks of investing and your investment timeframe.

* If we intend to change the Fund’s investment return objective, we will advise direct investors in writing before making the change.

You should read the important information about how we invest your money before making a decision. Go to http://www.ipac.com.au/ig – select ‘incorporated information’ from the tools and resources menu, and go to ‘features and benefits’. The material relating to how we invest your money may change between the time when you read this PDS and the day when you acquire the product.
6. fees and costs

consumer advisory warning

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 fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).
You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

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

summary of fees

overview of fees and costs
The following table provides an overview of the costs of acquiring units in the Fund, and the fees and costs charged in relation to your investment. These fees may be charged to your investment account or deducted from investment returns or the Fund’s assets. For this Fund, these fees are paid out of the Fund’s assets, and are reflected in the unit price. You can use this information to compare the Fund’s fees and costs with those of other funds.

Table 1

<table>
<thead>
<tr>
<th>Type of fee or cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees when your money moves in or out of the Fund</td>
<td></td>
</tr>
<tr>
<td>Establishment fee</td>
<td>Nil</td>
</tr>
<tr>
<td>Contribution fee</td>
<td>Nil</td>
</tr>
<tr>
<td>Withdrawal fee</td>
<td>Nil</td>
</tr>
<tr>
<td>Termination fee</td>
<td>Nil</td>
</tr>
<tr>
<td>Management costs</td>
<td></td>
</tr>
<tr>
<td>The fees and costs for managing your investment</td>
<td>Estimated cost of 0.79% pa (see Table 2)</td>
</tr>
</tbody>
</table>

Fee amounts shown in this PDS are the fees we charge direct investors investing through this PDS. If you are an indirect investor, please contact your financial adviser or platform operator for details of the fee amounts relating to your investment in the Fund.

Fees may be payable to your financial adviser; these fees are additional to the fees noted in Table 1 (refer to the Statement of Advice provided by your adviser).

changes to fees
The Responsible Entity reserves the right to change the terms and conditions of the PDS. If a change is an increase in fees, then notice will be provided 30 days before the change takes effect. Otherwise notice of a material change will be provided before or as soon as practicable after the change occurs.

example of annual fees and costs
The below table gives an example of how the fees and costs in the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products. The fees shown in this table are an example only and are not additional to the fees described in Table 1.

Table 2

<table>
<thead>
<tr>
<th>Example</th>
<th>Balance of $50,000 with a contribution of $5,000 during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>ipac Income Generator</td>
<td>For every additional $5,000 you put in, you will be charged $0.</td>
</tr>
<tr>
<td>plus management costs</td>
<td>And, for every $50,000 you have in the Fund you will be charged $395 each year.</td>
</tr>
<tr>
<td>equals cost of fund</td>
<td>If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged a fee of $395.</td>
</tr>
</tbody>
</table>

1. The management costs of 0.79% include management fee and estimated reimbursable expenses.
2. The management costs amount assumes a constant investment of $50,000 throughout the year with a $5,000 contribution made on the last business day of the period. Management costs are also applied to any additional contributions that you make during the year.
3. This cost does not include any advice fees paid to your financial adviser.

* You should read the important information about fees and costs before making a decision. Go to http://www.ipac.com.au/ig – select ‘incorporated information’ from the tools and resources menu, and go to ‘fees and costs’. The material relating to fees and costs may change between the time when you read this PDS and the day when you acquire the product.
7. how managed investment schemes are taxed

Investing in a managed investment scheme is likely to have tax consequences for investors. Specifically, managed investment schemes do not pay tax on behalf of investors in the scheme, and investors are assessed for tax on any income and capital gains generated by the scheme.

You are strongly advised to seek professional taxation advice before you invest or deal with your investment, as the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

You should read the important information about tax before making a decision. Go to http://www.ipac.com.au/ig – select ‘incorporated information’ from the tools and resources menu, and go to ‘taxation’. The material relating to tax may change between the time when you read this PDS and the day when you acquire the product.

8. how to apply

investing in the Fund

direct investor will need to complete an application form when applying for an initial or additional investment in the Fund.

indirect investors should contact their financial advisers or platform operators for information about how to apply.

The offer to invest in the Fund is subject to the terms and conditions described in the PDS and the incorporated information current at the time of contributing any investment amount. You can obtain these documents online at http://www.ipac.com.au/ig or by contacting us on 1800 624 542.

cooling off rights

direct investors Cooling off rights do not apply in relation to an investment in the Fund.

indirect investors Cooling off rights do not apply under this PDS. Indirect investors should refer to the relevant disclosure document or the master trust or wrap account for their cooling off right (if any).

complaints procedure

direct investors We have an established procedure to deal with complaints. If you have concerns relating to your investment in the Fund, please contact us by telephone on 1800 624 542 or in writing to ipac asset management limited, Sydney Office Locked Bag No. 15, Grosvenor Place NSW 1220.

indirect investors Investors investing through a master trust or wrap account should refer to the complaints policy set out in the master trust or wrap account disclosure document. If your issue remains unresolved, you can contact the external dispute resolution scheme of which the platform operator is a member.

contacting ipac

For information about investing with ipac, please contact us.

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client services
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website
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