

# Russell Investments High Dividend Australian Shares ETF

## Second Supplementary Product Disclosure Statement

Russell Investments High Dividend Australian Shares ETF (ARSN 142 405 721)  
Issued by Russell Investment Management Ltd  
ABN 53 068 338 974  
AFS Licence No 247 185

### About this Second Supplementary Product Disclosure Statement

This Second Supplementary Product Disclosure Statement (Second SPDS) dated 1 July 2019 updates the Product Disclosure Statement (PDS) dated 25 August 2017 and the Supplementary Product Disclosure Statement (First SPDS) dated 21 December 2017 for the Russell Investments High Dividend Australian Shares ETF (Fund). This Second SPDS must be read in conjunction with the PDS and the First SPDS for the Fund. All changes disclosed below will take effect from the date of issue of this Second SPDS.

A copy of this Second SPDS has been lodged with the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX). Neither ASIC nor the ASX take any responsibility for the contents of this Second SPDS.

Unless otherwise specified, terms used in this Second SPDS have the same meaning as in the PDS and the First SPDS.

This Second SPDS sets out the following changes:

#### 1. Changes to index starting universe

The following table replaces the 'Index' section of the table entitled 'Your guide to the fund' on **page 5** of the PDS to reflect the fact that the starting universe of the Index is no longer based on the 'Russell Australia Large Cap Index'. While this does not have a material effect on the ultimate value of the Index, this update is provided for the sake of completeness.

|              |   |
|--------------|---|
| <b>Index</b> | <b>Russell Australia High Dividend Index.</b><br>The Russell Australia High Dividend Index is an equity index provided by the Frank Russell Company (Index Provider). It is designed to provide investors with exposure to above average dividends, including franking credits through a diversified exposure to blue chip Australian companies. The Index includes large cap companies and is a custom index built using an objective, transparent and market-driven construction.<br><br>The Russell Australia High Dividend Index begins with a universe of approximately 100 stocks listed on the Australian Securities Exchange. Since the Russell Australia High Dividend Index is constructed for domestic use, foreign ownership limits in the underlying index are excluded. |
|--------------|---|

The Russell Australia High Dividend Index construction methodology targets high dividends, and is also designed to identify better quality dividends. To capture the quality of the underlying dividends the methodology focuses on penalising those companies that pay sporadic dividends and also those companies whose dividends have been falling or are perceived as likely to fall in the future. Multiple factors at varying weights are used to capture the relative importance of high forecasted dividends, consistency of dividends and the trajectory of dividend growth (both expected future growth and historical).

The factors used in the model are not equally weighted; rather they are weighted by their relative importance with the greatest emphasis on future dividends and equal emphasis on historical yields, dividend growth (including trailing and forecasted growth) and EPS variability.

The universe of stocks is then refined for the Russell Australia High Dividend Index to include the top 50 Australian companies by stock weight, determined by reference to market capitalisation and the specific weighted quantitative and qualitative dividend characteristics described above.

The Russell Australia High Dividend Index is reconstituted semi-annually using data as of the last business day in February and August.

The rebalanced Russell Australia High Dividend Index is implemented on the first business day in April and October.

More details about the characteristics of the Russell Australia High Dividend Index are available at:

<https://russellinvestments.com/au/solutions/exchange-traded-funds/funds/RASHDEF>

## 2. Changes to the Complaints section

On **page 25** of the PDS, replace the last two paragraphs relating to the Financial Ombudsman Service Limited with the following:

We are also a member of an external dispute resolution scheme. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority ("AFCA"). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: <http://www.afca.org.au>

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

Telephone: 1800 931 678 (free call)

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

## 3. New Application/Redemption Form

Please note that the attached Application/Redemption Form dated 1 July 2019, replaces the Application/Redemption Form attached to the First SPDS.

You will need to complete the Application/Redemption Form attached to this Second SPDS to invest in the Fund or make withdrawals from the Fund from 1 July 2019 onwards.

Russell Investments High Dividend Australian Shares ETF

## Application/Redemption Form

Please complete the relevant sections in BLOCK LETTERS.

### Investor details

Investor Name/s:

(For joint applicants, include both names)

Investor Address:

Postcode:

Contact Number:

(In case we need to contact you about your application)

Note: You need to firstly contact Russell Investments Fund Operations for instructions on how to invest and to obtain a copy of the Client ID Form. You will also need to complete the forms required by RIM for client identification and verification procedures (this includes proof of investor ID requirements). This form is issued with the Second Supplementary Product Disclosure Statement for the Russell Investments High Dividend Australian Shares ETF dated 1 July 2019 (Second SPDS).

Please refer to the Creation and Redemption Procedures for details to use when sending the Application/Redemption Form.

### Number of Creation/Redemption Units applied/redeemed

The Investor applies to Russell Investment Management Ltd. ABN 53 068 338 974, AFS Licence Number 247 185 as responsible entity for the Russell Investments High Dividend Australian Shares ETF for the issue/redemption of the number of Creation/Redemption Units specified (whole multiples of 50,000 Units only).

| ETF   | ASX code | Number of Creation Units | Number of Redemption Units |
|---|----------|--------------------------|----------------------------|
| Russell Investments High Dividend Australian Shares ETF<br>ARSN 142 405 721 | RDV      |                          |                            |

### Non-standard baskets

The Authorised Participant is responsible for notifying us regarding 'non-standard-baskets'. Non standard baskets include a Creation or Redemption Basket which has a restricted or omitted security component and which requires the Authorised Participant or the Fund (as the case may be) to deliver cash in lieu of omitted securities. For further information on notification of non-standard baskets please refer to the Creation and Redemption Procedures.

| Security Name | Sedol | Quantity |
|---------------|-------|----------|
|               |       |          |
|               |       |          |
|               |       |          |
|               |       |          |
|               |       |          |

## Declaration

I/We:

- confirm that I/we have received the PDS, the First SPDS and the Second SPDS (in electronic or hard copy version) and I/we are completing the form attached to the Second SPDS;
- confirm that I/we have read the PDS, the First SPDS and the Second SPDS to which this form relates, including the 'The Risks of Investing' section;
- acknowledge that all information provided on this form is true and correct;
- acknowledge that I/we have obtained independent advice;
- agree to be bound by the terms and conditions of the PDS, First SPDS and Second SPDS and the Fund's constitution, as amended from time to time;
- acknowledge that the repayment of investment capital and the payment of any income is not guaranteed;
- consent to the use of my/our personal information in accordance with the 'Your privacy' section of the PDS;
- in respect of an application, agree to execute an Authorised Participant Agreement;
- in respect to an application, confirm that I/we are authorised as trading participants under the Australian Securities Exchange (ASX) Operating Rules and are acting as principal;
- acknowledge that the law prohibits a person from giving another person this form (either electronically or otherwise) without also giving them a copy of the PDS, First SPDS and Second SPDS. Paper copies of the PDS, First SPDS and Second SPDS are available free of charge;
- confirm that I/we have notified State Street Australia Limited and RIM of any non-standard baskets by completing the section above on the Application/Redemption Form under the section 'Non-standard baskets';
- confirm that I/we accept all documentation and notices relating to the Fund in electronic form;
- agree to give you further information you require in order to meet your obligations under anti-money laundering, counter-terrorism or taxation legislation (relevant legislation) and to notify you if any relevant information changes.

This form must be signed by the applicant. If signed under power of attorney, the attorney verifies that no notice of revocation of power has been received. A certified copy of the power of attorney must be forwarded with the form. Corporate applications must be signed in accordance with the corporation's constitution and the Corporations Act 2001.

Signature of Authorised Signing Officer

Date (dd/mm/yyyy)

Printed Name

Signature of Authorised Signing Officer

Date (dd/mm/yyyy)

Printed Name

# Russell Investments High Dividend Australian Shares ETF

## Supplementary Product Disclosure Statement

Russell Investments High Dividend Australian Shares ETF (ARSN 142 405 721)

Issued by Russell Investment Management Ltd

ABN 53 068 338 974

AFS Licence No 247 185

### About this Supplementary Product Disclosure Statement

This Supplementary Product Disclosure Statement (SPDS) dated 21 December 2017 updates the Product Disclosure Statement (PDS) dated 25 August 2017 for the Russell Investments High Dividend Australian Shares ETF (Fund). This SPDS must be read in conjunction with the PDS. All changes disclosed below will take effect from the date of issue of this SPDS.

A copy of this SPDS has been lodged with the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX). Neither ASIC nor the ASX take any responsibility for the contents of this SPDS.

Unless otherwise specified, terms used in this SPDS have the same meaning as in the PDS.

This SPDS sets out the following changes:

#### 1. Changes to investment strategy

We may change the investment strategy for the Fund at any time at our discretion. We do not intend to seek Unitholder approval for any change to the investment strategy for the Fund. Statements in the PDS indicating we will seek Unitholder approval for any such change should be disregarded.

#### 2. New Application/Redemption Form

Please note that the attached Application/Redemption Form dated 21 December 2017, replaces the Application/Redemption Form attached to the PDS.

You will need to complete the Application/Redemption Form attached to this SPDS to invest in the Russell Investments High Dividend Australian Shares ETF from 21 December 2017 onwards.

# Product

## Disclosure Statement

Russell Investments High Dividend Australian Shares ETF

ARSN: 142 405 721

25 August 2017

## Important Information

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### About this Product Disclosure Statement (PDS)

This PDS describes the main features of the Fund. This PDS is dated 25 August 2017 and is issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247 185, (RIM) the responsible entity of the Fund. We are a member of Russell Investments.

A copy of this PDS has been lodged with both ASIC and the ASX. Neither ASIC nor the ASX take any responsibility for the contents of this PDS. The Units are quoted on the ASX.

In preparing this PDS, we did not take into account your particular investment objectives, financial situation or needs. As investors' needs and aspirations differ, you should consider whether investing in the Fund is appropriate for you in light of your particular needs, objectives and financial circumstances. You may also wish to obtain independent advice.

The information in this PDS is up to date at the time of preparation. However, some information and terms (see below) can change from time to time and you can obtain updated information as set out below. If a change is considered materially adverse we will issue a supplementary or replacement PDS.

For updated or other information about the Fund, please visit our website: [russellinvestments.com.au/etfs](http://russellinvestments.com.au/etfs). We will also send you a copy of the updated information free of charge upon request.

The offer or invitation to subscribe for Units in the Fund under this PDS is subject to the terms and conditions described in this PDS. We reserve the right to accept or decline applications in full or in part and reserve the right to change these terms and conditions. Notice will be provided before or as soon as practicable after the change occurs.

RIM has sufficient working capital to enable it to operate the Fund as outlined in this PDS.

### Eligibility

The offer in this PDS is only available to stockbrokers acting as principal. That is, persons who have been authorised as trading participants under the ASX Operating Rules (Authorised Participants) and, where required, have entered into a relevant Authorised Participant Agreement.

The minimum investment for Units in the Fund is 50,000 Units.

Investors who are not Authorised Participants looking to acquire Units in the Fund cannot invest through this PDS but may do so through the ASX. Please consult your stockbroker or financial adviser. Investors who are not Authorised Participants may use this PDS for information purposes only and may obtain further information in relation to the Fund by contacting the registrar (refer to

# Product

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page 24 for details of how to contact the registrar).

This PDS can only be used by persons receiving it (electronically or in hard copy) in Australia and does not constitute an offer or recommendation of securities in any jurisdiction, or to any person to whom it would be unlawful to make such an offer.

Please read this PDS to find out more about the features, costs and benefits, as well as the risks involved in investing in the Fund. It is important that you read this PDS before making any decision to invest in the Fund. An investor in the Fund could lose all or a substantial part of its investment in the Fund. In particular, the performance of the Fund will depend on the performance and market value of the assets held by the Fund as a result of tracking the Index.

### How to Contact Us

You can contact or find us as follows:

Russell Investment Management Ltd  
Level 29, 135 King Street  
Sydney NSW 2000, Australia

Or

GPO Box 3279  
Sydney NSW 2001, Australia  
[russellinvestments.com.au](http://russellinvestments.com.au)

### For Authorised Participants:

Contact: Fund Operations  
Tel: 1300 728 208 (in Australia)  
Tel: +61 2 9229 5579 (outside Australia)  
Fax: 1300 768 040 (in Australia)  
Fax: +61 2 9229 5116 (outside Australia)  
[Syd-fundoperations@russellinvestments.com](mailto:Syd-fundoperations@russellinvestments.com)

### For other investors:

Contact: Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford Vic 3067  
Tel: 1800 RSL ETF (1800 775 383)  
[www.computershare.com.au](http://www.computershare.com.au)

## Key Features

| About the Fund                |  |
|-------------------------------|--|
| <b>Fund Name</b>              | Russell Investments High Dividend Australian Shares ETF  |
| <b>ASX Code</b>               | RDV  |
| <b>Type of investment</b>     | The Fund is classified as an exchange traded fund (ETF) which is a registered managed investment scheme. This means investors have the opportunity to buy or sell a diversified portfolio of assets in a single transaction. The portfolio is based upon the Index. ETFs have a number of benefits, including diversification, transparency and taxation efficiency.   |
| <b>Quotation</b>              | The Fund is quoted under the AQUA Rules of the ASX. Units in the Fund may be traded like any other quoted security.<br>For more details on the AQUA Rules, please see the 'AQUA Rules' on page 7.  |
| <b>Responsibility Entity</b>  | Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247185.   |
| Fees                          |  |
| <b>Entry/Contribution Fee</b> | Nil  |
| <b>Withdrawal Fee</b>         | Nil  |
| <b>Switching Fee</b>          | Nil  |
| <b>Transaction Fee</b>        | \$400 to create and redeem Units in the Fund, which is paid by an Authorised Participant on application for Units and on redemption of Units. We may waive this fee in certain circumstances.  |
| <b>Management Costs</b>       | 0.34% p.a. comprising: <ul style="list-style-type: none"> <li>Management fee 0.34%p.a.</li> <li>Indirect costs 0.00% p.a.</li> </ul> For more details on fees and costs, please see 'Fees and Costs' on page 16.   |
| Transacting                   |  |
| <b>Investing</b>              | <p>The offer in this PDS is only available to Authorised Participants. Units can only be acquired in multiples of 50,000 under this PDS. Every 50,000 Units represents one 'creation unit'. The minimum investment under this PDS is one creation unit.</p> <p>An application for Units must be in the form of a specified parcel of quoted securities (the creation basket) transferred to us through CHESS and a cash amount (if applicable).</p> <p>There are no cooling-off rights available.</p> <p>For more details of how to apply for Units in the Fund, please see 'Investing and Redeeming' on page 19.</p> <p>You may also purchase Units on the ASX. The purchase of Units on the ASX is not governed by the terms of this PDS. The minimum investment does not apply to Units purchased on the ASX.</p> |
| <b>Redemptions</b>            | Units in the Fund can only be redeemed by an Authorised Participant who is an Australian Resident.   |



|                                     |  |
|-------------------------------------|--|
|                                     | <p>A redemption of Units will primarily be in the form of a specified parcel of quoted securities transferred to the Authorised Participant through CHESS (the redemption basket) and a cash amount (if applicable). Units can only be redeemed in multiples of 50,000. Every 50,000 Units represent one 'redemption unit'.</p> <p>For further details of how to redeem from the Fund, please see 'Investing and Redeeming' on page 19.</p> <p>You may also sell your Units on the ASX. The sale of Units on the ASX is not governed by this PDS. The minimum redemption does not apply to Units sold on the ASX.</p>  |
| <b>Distributions</b>                | <p>Distributions are calculated quarterly or at such other time as determined by us.</p> <p>You can request to reinvest your distributions as additional Units in the Fund or have the distributions paid as cash into your nominated bank account.</p> <p>Information in relation to distributions will be disclosed to the ASX via the ASX Market Announcements Platform.</p>  |
| <b>Reporting on your Investment</b> |  |
| <b>Distributions</b>                | <p>A distribution statement will be sent to you each time a distribution is made.</p>  |
| <b>Website</b>                      | <p>The following information can be obtained from our website at <a href="http://russellinvestments.com.au/etfs">russellinvestments.com.au/etfs</a>:</p> <ul style="list-style-type: none"> <li>• the Fund's daily NAV;</li> <li>• the Fund's daily NAV per Unit;</li> <li>• the daily underlying investments held by the Fund;</li> <li>• details of the daily creation and redemption baskets;</li> <li>• copies of announcements made to the ASX via the ASX Market Announcements Platform (including continuous disclosure notices and distribution information);</li> <li>• copies of the latest PDS (and any supplementary PDSs); and</li> <li>• copies of annual reports and financial statements.</li> </ul> |
| <b>Key risks</b>                    |  |
| <b>Risks</b>                        | <p>There are a number of risks associated with investing in the Fund.</p> <p>You should consider carefully the risks that may affect the financial performance of your investment in the Fund.</p> <p>For full details on risks, please see 'The Risks of Investing' on page 9.</p>  |

## Your guide to the fund

| Russell Investments High Dividend Australian Shares ETF |  |
|---|--|
| <b>Investment objective</b>                             | The Fund aims to provide a total return before costs and tax, in line with the Russell Australia High Dividend Index over the long term.   |
| <b>Investment strategy</b>                              | <p>The Fund seeks to track the performance of the Russell Australia High Dividend Index by investing predominantly in Australian shares and trusts listed on the ASX. The Russell Australia High Dividend Index is weighted to companies that are expected to make high dividend payments. Derivatives may also be used to a limited extent to obtain or reduce exposure to such securities.</p> <p>We will not significantly change the Fund's investment strategy as described in this PDS unless the change has been approved by a resolution of Unitholders passed by at least 75% of votes cast on the resolution (referred to as a 'special resolution').</p>  |
| <b>Index</b>  | <p><b>Russell Australia High Dividend Index.</b></p> <p>The Russell Australia High Dividend Index is an equity index provided by the Frank Russell Company (Index Provider). It is designed to provide investors with exposure to above average dividends, including franking credits through a diversified exposure to blue chip Australian companies. The Index includes large cap companies and is built using an objective, transparent and market-driven construction.</p> <p>The Russell Australia High Dividend Index starts with the members of the Russell Australia Large Cap Index (a sub-index of the Russell Global Index). Also included in the Russell Australia High Dividend Index are Australian infrastructure stocks. Since the Russell Australia High Dividend Index is constructed for domestic use, foreign ownership limits are excluded.</p> <p>The Russell Australia High Dividend Index construction methodology targets high dividends, and is also designed to identify better quality dividends. To capture the quality of the underlying dividends the methodology focuses on penalising those companies that pay sporadic dividends and also those companies whose dividends have been falling or are likely to fall in the future. Multiple factors at varying weights are used to capture the relative importance of high forecasted dividends, consistency of dividends and the trajectory of dividend growth (both future and historical).</p> <p>The factors used in the model are not equally weighted; rather they are weighted by their relative importance with the greatest emphasis on future dividends and equal emphasis on historical yields, dividend growth (including trailing and forecasted growth) and EPS variability.</p> <p>The universe of stocks is then refined for the Russell Australia High Dividend Index to include the top 50 Australian companies by stock weight, determined by reference to market capitalisation and the specific weighted quantitative and qualitative dividend characteristics described above.</p> <p>The Russell Australia High Dividend Index is reconstituted semi-annually at the end of February and August.</p> <p>RIM will not substitute the Russell Australia High Dividend Index for another index if to do so would significantly change the Fund's investment strategy as described in this PDS, unless the change of investment strategy has been approved by a resolution of Unitholders passed by at least 75% of votes cast on the resolution (referred to as a 'special resolution').</p> <p>More details about the characteristics of the Russell Australia High Dividend Index are available at: <a href="http://russellinvestments.com.au/etfs">russellinvestments.com.au/etfs</a>.</p> |

**Performance**

Performance information for the Fund is available on our website at [russellinvestments.com.au/etfs](http://russellinvestments.com.au/etfs).

The return of capital or performance of the Fund is not guaranteed. Past performance is not an indication of future performance.

The Russell Australia High Dividend Index (the "Index") is a trademark of Frank Russell Company ("Russell") and has been licensed for use by Russell Investment Management Ltd. The Russell Investments High Dividend Australian Shares ETF is not in any way sponsored, endorsed, sold or promoted by Russell or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the Index (upon which the Russell Investments High Dividend Australian Shares ETF is based), (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Index for the purpose to which it is being put in connection with the Russell Investments High Dividend Australian Shares ETF. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to Russell Investment Management Ltd or to its clients. The Index is calculated by Russell or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein.

## Benefits of using ETFs

### What are ETFs?

ETFs are quoted managed funds providing you with the opportunity to buy a diversified portfolio of assets in a single transaction.

### What are the benefits of ETFs in general?

#### Diversification

ETFs provide you with the ability to diversify your portfolio through holding a single security.

#### Liquidity and transparency

As a traded security, an ETF enables you to enter and exit your holding on the ASX. You can easily track performance and can even trade on the same day (subject to ASX rules).

#### Taxation advantages

An ETF will change in value as the underlying portfolio changes in value and may provide income for you through distributions and franking credits. The turnover of the underlying portfolio is generally low, this may reduce the level of capital gains incurred by you and tax paid. For further details on taxation, please see 'Tax' on page 11.

#### Lower cost

Since ETFs are typically able to achieve lower operating costs, the management costs are generally lower compared to other forms of retail managed funds. However, brokerage or adviser fees may still apply when buying or selling an ETF.

### What are the benefits specific to the Fund?

#### Income

The Fund will predominantly invest in Australian listed shares and trusts. It is an outcome-orientated ETF, which means it aims to provide a total return but with a particular focus on income.

## AQUA rules

The Fund is quoted on the ASX under the AQUA Rules. The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, ETFs and structured products.

As most investors are more familiar with the ASX Listing Rules, it is important to note the main differences between the AQUA Rules and the ASX Listing Rules which are set out below:

| ASX Listing Rules   | ASX AQUA Rules   |
|---|--|
| <b>Control</b>  |  |
| <p>A person:</p> <ul style="list-style-type: none"> <li>controls the value of its own securities and the business it runs;</li> <li>the value of those securities is directly influenced by the equity issuer's performance and conduct.</li> </ul> <p>e.g. the management and board generally control the fate of the business and, therefore, have direct influence over the share price.</p> | <p>A person:</p> <ul style="list-style-type: none"> <li>does not control the value of the assets underlying its products; but</li> <li>offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities.</li> </ul> <p>The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself.</p> <p>e.g. A managed fund issuer does not control the value of the shares it invests in.</p>  |
| <b>Continuous Disclosure</b>  |  |
| <p>Products under the ASX Listing Rules are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act 2001.</p>  | <p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act 2001 but must disclose information about:</p> <ul style="list-style-type: none"> <li>the net tangible assets (NTA) or the NAV of the Fund;</li> <li>dividends, distributions and other disbursements; and</li> <li>any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act 2001 must be disclosed to ASX via the ASX Market Announcements Platform at the same time it is disclosed to ASIC.</li> </ul> <p>The AQUA Rules require an issuer of a product quoted under the AQUA Rules to provide the ASX with information that the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.</p> |
| <b>Corporate Control</b>  |  |
| <p>Requirements in the Corporations Act 2001 and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings apply to companies and schemes.</p>   | <p>Certain requirements in the Corporations Act 2001 and the ASX Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to companies and listed schemes do not apply to products quoted under the AQUA Rules.</p> <p>Issuers of products quoted under the AQUA Rules are subject to the general requirement to provide the ASX with any information concerning itself that may lead to the establishment of a false market or materially affect the price of its products.</p> <p>Section 601FM of the Corporations Act 2001 continues to apply in relation to the removal of a responsible entity of a registered managed investment scheme by an extraordinary resolution of members.</p>   |

| ASX Listing Rules   | ASX AQUA Rules  |
|---|---|
| <b>Related Party Transactions</b>   |   |
| Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions. | Chapter 10 of the ASX Listing Rules does not apply to AQUA products.<br>However, because the Fund is a registered managed investment scheme, we are still required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act 2001 relating to related party transactions.   |
| <b>Auditor Rotation</b>   |   |
| There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act 2001.  | Issuers of products under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act 2001.<br>Responsible entities of registered managed investment schemes will continue to be required to undertake an independent audit of its compliance with its scheme's compliance plan in accordance with section 601HG of the Corporations Act. |
| <b>Disclosure</b>   |   |
| Entities admitted under the ASX Listing Rules are subject to the requirements of the Corporations Act 2001 in relation to the issue of a PDS.   | Products quoted under the AQUA Rules will also be subject to the requirements of the Corporations Act 2001.   |
| <b>Periodic Disclosure</b>  |   |
| Issuers must disclose their half-yearly and annual financial information or their annual report to the ASX under Chapter 4 of the ASX Listing Rules.  | AQUA product issuers are not required to disclose their half-yearly and annual financial information or annual report to the ASX. The Responsible Entity is required to lodge with ASIC and disclose to the ASX the Fund's financial reports (as required under Chapter 2M of the Corporations Act 2001).   |

Source: ASX Rules Framework

## How the Fund Invests

### Investment Management

We will perform the investment management for the Fund. We may be assisted in this role by Russell Investments Implementation Services, LLC (a related company).

### Derivatives

The Fund may use derivatives to equitise cash holdings in order to achieve a desired investment position without buying or selling the underlying asset. Futures usage will generally be limited to a maximum of 5% of the Fund's value at any time. Derivatives will not be used speculatively or to leverage the Fund.

### Borrowings

It is not our intention to borrow money in relation to the Fund, other than to meet short-term liquidity requirements.

### ESG considerations

We do not take into account labour standards and/or environmental, social, governance or ethical considerations when making investment decisions.

## The Risks of Investing

### General risks

All investing involves risk. It is the trade-off for the return that investors seek. Generally you only get higher expected return with higher risk.

Growth investments (such as shares and property) have relatively higher risk, and higher expected return, than defensive investments (such as fixed interest and cash).

The relative risk of a fund depends on its asset allocation to or between these groups of investments. The risk/return graph below indicates the relative position of each major asset class.



Source: RIM

As with most investing, it is not guaranteed that you will make money from the Fund. The value of your investment can go up or down.

The risks may result in loss of income, loss of principal invested and possible delays in repayment. You could receive back less than you invested and there is no guarantee that you will receive any income.

The value of an investment in the Fund and the return on such investment will be influenced by many factors (including factors outside our control), such as market and economic conditions, government policy, political climate, interest rates, currency movements, inflation and the investment managers not performing to expectation.

In relation to the Fund, the significant risks you should be aware of are:

**Market risk:** The performance of the Fund will depend on the performance and market value of the assets held as a result of tracking the Index. If the assets held by the Fund reduce in value, so will the value of the Fund.

Investments in securities and other financial instruments and products that are subject to market forces, risk the permanent loss of capital as a result of adverse market developments, which can be unpredictable.

**Liquidity risk:** The Fund may be exposed to securities which are traded infrequently or the typical daily trade volumes are small. It may not be possible to sell such securities when it is desirable to do so or to realise what we think is fair value in the event of a sale. We aim to reduce this risk by understanding the liquidity characteristics of the securities in the Fund and planning or trading to minimise the adverse consequences of low liquidity.

**Derivatives risk:** The Fund may be directly exposed to exchange traded futures. Derivatives usually derive their value from the value of a physical asset, interest rate, exchange rate or market index. They can be used to manage certain risks in investment portfolios.

However, they can also increase other risks in a portfolio or expose a portfolio to additional risks.

A risk, though not unique to derivatives, includes the possibility that the position is difficult or costly to reverse or that there is an adverse movement in the asset, interest rate, exchange rate or index underlying the derivative, as derivatives do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track.

A derivative contract may involve leverage. That is, it provides exposure to a potential gain or loss from a change in the level of the market price of a security, currency or basket index in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivatives contract. Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in many derivatives contracts. Accordingly, derivative instruments can be highly volatile and expose investors to a high risk of loss.

**Settlement risk:** The Fund may be exposed to settlement risk as the Fund is reliant on the operation of CHES. The operation of CHES means that the issue of Units can proceed independently of the transfer of the creation basket and residual cash payment (if applicable). That is, the Units could be transferred to the Authorised Participant despite the fact the Authorised Participant has not complied with its obligation to deliver the creation basket and/or the residual cash payment (if applicable). If an Authorised Participant fails to comply with its settlement obligations, this may adversely impact upon the Fund. The risk is partly mitigated as participants in CHES are subject to rules of participation, which include sanctions if there is a failure to meet their obligations.

**Trading risk:** The Fund is quoted under the AQUA Rules on the ASX and there is a risk that the ASX may under certain circumstances suspend trading or even remove the Fund from quotation on the ASX. The underlying assets held by the Fund may also be suspended or delisted.

Under these circumstances, we may take measures, such as suspending the application and redemption process or potentially terminating the Fund.

To mitigate the risk in relation to the Fund, we will use our best endeavours to meet all ASX requirements to ensure the Units in the Fund remain quoted, including putting in place compliance and monitoring procedures. However, there is no guarantee that these requirements will always be met.

Although the Units in the Fund are quoted on the ASX, there can be no assurance that there will be a liquid market. There is the risk that the issue price and redemption price applicable to a Unit may differ from the trading price of a Unit on the ASX. The trading price is dependent upon a number of factors, including demand for the Units in the Fund.

The risk is mitigated as the application and redemption mechanism is designed to minimise the likelihood that the Units will trade on the ASX at a significantly different price to the issue price or redemption price.

**Market making risk:** Under the AQUA Rules, RIM has certain market making obligations in respect of the Fund. In order to facilitate an orderly and liquid market in the Fund, we have appointed market maker(s) to provide alternate liquidity. Whilst we monitor our market maker(s)' ability to maintain continuous liquidity to the market, there is no guarantee that these requirements will always be met, particularly if there is a failure by a market maker.

**Tracking risk:** It will not always be possible for the Fund to accurately track the Index and the actual underlying portfolio may differ to the Index. In addition, the Fund may hold cash from time to time. While we will manage the risk through the use of instruments such as futures, there may be instances when the Fund holds a larger than normal cash balance, until such a time that we are able to invest that cash in line with the Index.

**Index risk:** Frank Russell Company (FRC) is the provider of the Index. FRC reserves the right, at any time and without notice, to alter, amend, terminate or change the Index which may impact upon our ability to manage the Fund in accordance with its stated investment strategy. In the event that the Fund or any Unitholder suffers a loss due to any error, omission, or interruption arising in relation to the Index, FRC will not compensate the Fund or any Unitholder for such loss.

**Distributions risk:** There is no assurance that the Fund will pay a distribution. The Fund is reliant on the receipt of dividends and distributions from the Fund's assets. There is no assurance that these assets will declare dividends or make distributions.

**Political risk:** The Fund's investments may be affected by uncertainties such as political developments or changes in government policies.

**Change in law:** There may be a change in law affecting the Fund (such as taxation) at any time which may affect your investment in the Fund.

**Fund risk:** As the Fund is a managed investment scheme, there are a number of risks. These include the Fund may terminate under the terms of the constitution, the terms, fees and charges could change, the constitution could be amended and we could retire or be replaced as responsible entity.

**Operational risk:** The Fund is subject to a number of operational risks; in particular, the Fund relies on a number of service providers to operate the Fund. The failure of a service provider to deliver such services may adversely impact on the operation and performance of the Fund.

**Russell Investments risk:** Several members of Russell Investments provide services to the Fund. As discussed at page 19, these related parties are appointed subject to commercial terms. However, a change in the circumstances of Russell Investments (such as the sale of an entity) could have an adverse impact on the operation or performance of the Fund.

**To manage your risks, you should obtain professional investment advice that is tailored to your investment objectives, financial situation and particular needs.**

## Tax

The Australian tax commentary below is provided for Unitholders who are Australian Resident taxpayers. The commentary assumes that Unitholders will be either stockbrokers, who will acquire or dispose of Units by application or redemption, or other investors, who will acquire or dispose of Units by buying or selling them on the ASX AQUA market. In the case of stockbrokers, it is assumed that they act as a principal i.e., are authorised as trading participants under the ASX Operating Rules and, where required, have entered into an Authorised Participant Agreement.

It is assumed that stockbrokers hold their Units in the Fund as trading stock as part of a securities trading business, and that other Unitholders hold their Units on capital account.

The following summary of Australian taxation matters is based on the Australian tax laws as at the date of this PDS. The tax laws are subject to continual change and as the circumstances of Unitholders may vary, the taxation consequences of investing in the Fund may differ between Unitholders. It is recommended that Unitholders seek taxation advice specific to their own particular circumstances, from a suitably qualified tax adviser. Similarly, non-residents should each seek their own advice.

### Taxation of the Fund

The Fund will distribute all of its distributable income to Unitholders in respect of each income year. On the basis that the Unitholders of the Fund will be presently entitled to all of the distributable income of the Fund, pursuant to existing income tax legislation the responsible entity should not be subject to Australian income tax on the net income of the Fund.

### Taxation of Australian Resident investors

#### General

On the basis that Unitholders will be presently entitled to all of the distributable income of the Fund, Unitholders will be assessable on the net income of the Fund in proportion to their entitlement to the distributable income of the Fund.

The net income of the Fund will retain its character in the hands of Unitholders and may include amounts of dividend income, interest income, other income or revenue gains, and capital gains. The distributable income of the Fund may also include non-taxable amounts (discussed below). Unitholders will be subject to tax at their applicable tax rate (or marginal tax rate for individual investors) on their share of the net income of the Fund in the year in which the entitlement arises, irrespective of whether the income is received or reinvested in the following income year.

Unitholders may be entitled to franking credits which arise from franked dividends received in respect of the Fund's investment in Australian shares. Subject to various eligibility criteria, including the 45 day holding period rule, Unitholders can use the franking credits to reduce the tax liability on their share of the net income of the Fund or their other assessable income. The franking credits may give rise to a refund of tax for a given year, for an Australian Resident individual or complying superannuation entity, where the sum of available franking credits exceeds their tax liability for that year, and in certain cases may generate tax losses for corporate entities.



### Capital gains distributed by the Fund

The Fund has made the Managed Investment Trust (MIT) and capital gains tax (CGT) election. Accordingly, subject to continuing to satisfy the eligibility criteria to be an MIT, the Fund will hold its eligible assets (including equities, and units in other trusts, but excluding derivatives and foreign exchange contracts) on capital account.

A Unitholder's share of the net income of the Fund may include a share of the net capital gain made by the Fund. In general, it is intended that realised capital gains (if any) arising from in-specie transfers of assets immediately prior to a redemption of Units will be allocated to the redeeming Unitholder (discussed below). Other capital gains will generally be distributed to Unitholders entitled to the final distribution on 30 June each year.

If a Unitholder's share of the net income of the Fund includes an amount that consists of a discount capital gain made by the Fund, the Unitholder must first multiply the discount gain by 2 to determine the nominal capital gain. Individual, trustee and complying superannuation fund Unitholders may claim the relevant discount capital gains concession applicable to them against the nominal gain in determining the net capital gain included in their assessable income. No discount is available to corporate Unitholders. Unitholders may also be able to offset other capital losses against the nominal capital gain amount. Capital losses must be offset against gross discount capital gains before any discount concession is available.

### Non-taxable amounts

A distribution received by a Unitholder may include amounts which are not taxable. The two main types of non-taxable amounts are 'CGT concession amounts' (the non-taxable portion of any discount capital gains distributed by the Fund) and 'tax deferred amounts' (typically relating to capital allowance deductions in underlying property trusts, and distributions of corpus by a trust).

CGT concession amounts do not reduce the capital gains cost base of a Unitholder's Units. By contrast, tax deferred amounts reduce the capital gains cost base of a Unitholder's Units, and may increase the gain or reduce the loss subsequently realised on disposal of the Units. Where the total tax deferred amounts received by a Unitholder have exceeded the cost base of their Units, the excess is treated as a capital gain to the Unitholder.

For Unitholders who are stockbrokers, the abovementioned tax consequences for CGT concession and tax deferred amounts are unlikely to arise. This is because distributions received by such Unitholders will typically be taxable in full as ordinary income (note the Australian Taxation Office's (ATO) treatment of such amounts derived by financial institutions in respect of units held in the ordinary course of their business – refer Taxation Ruling IT 2512 and ATO guidance on the new taxation system for MITs).

### Creation and redemption of Units by Authorised Participants (stockbrokers)

As the precise taxation implications will depend on each stockbroker's specific circumstances, it is recommended that stockbrokers seek their own independent professional taxation advice concerning the consequences of investing in the Fund. The comments below are general in nature only.

### In-specie applications

The consideration for the application of Units will be made by an in-specie transfer of a specified basket of equity securities (the Index Parcel). The transfer will represent a disposal of the securities by the stockbroker for an amount equal to the market value of the Units received, plus any negative, or minus any positive, purchase cash component (plus the transaction fee).

On the assumption that such Unitholders would hold the securities as trading stock in the course of their securities trading business, any profit would be assessable as ordinary income and any loss would be deductible. Specifically, the proceeds received on disposal of the Index Parcel (i.e. the value of the Units received plus or minus the purchase cash component) should be treated as assessable income and a deduction will effectively be allowed for the cost (or opening tax value) of the securities contributed.

The Units acquired should be treated as trading stock acquired for a cost equal to the value of the securities contributed plus any positive, or minus any negative, purchase cash component (plus the transaction fee).

## In-specie redemptions

In respect of a redemption of Units, the total proceeds received (or the 'Withdrawal Amount') may include a distribution of income (a 'Withdrawal Income Entitlement'). The balance of the Withdrawal Amount is the 'Redemption Price'.

The Withdrawal Income Entitlement (if any) may, depending on the circumstances, include a distribution of realised capital gains and a share of other realised income of the Fund. The income distribution will be satisfied by the in-specie transfer of securities at market value, equal to the amount of the income distribution. The Unitholder will acquire the securities at market value. The allocation of tax components in respect of the income distribution will be advised to the Unitholder after 30 June, in the annual tax statement, once the final tax calculations for the Fund for that year have been completed. (For completeness, whilst these components may include a distribution of discounted capital gains of the Fund, the CGT discount concession would not be available as noted above).

In calculating the Unitholder's profit or loss on disposal of the Units for tax purposes, the proceeds on disposal of the Units should be the Redemption Price. On the assumption that the Units are held as trading stock, the assessable profit or deductible loss on disposal of the Units should be equal to the Redemption Price less the cost (or opening tax value) of the Units. Specifically, the Redemption Price component of the Withdrawal Amount should be brought into account as assessable income on the disposal of the Units, and a deduction should be available for the cost (or opening tax value) of the Units. The transaction fee paid in respect of the redemption should also be allowable as a deduction.

An alternative view may exist whereby the full Withdrawal Amount could be construed as the disposal proceeds instead of the Redemption Price. In this instance double taxation could arise as the Withdrawal Income Entitlement could still be assessable both as a distribution of income and as part of the disposal proceeds. However, it is considered that this result will not arise in the case of Units held and redeemed as trading stock, as a result of certain provisions in the tax legislation against the same amount being taxed twice, as well as a general judicial principle against double taxation.

## Acquisition and disposal of Units on the ASX AQUA market

For a Unitholder holding Units on capital account, the amount paid for the shares acquired on the ASX AQUA market (plus incidental acquisition costs) will be included in the capital gains cost base of the Units. The sale of Units on the ASX AQUA market, will give rise to a CGT event which may result in a capital gain or loss to the Unitholder. The discount concession may be available to individuals, trustees and complying superannuation entities where the Units have been held for at least 12 months. Capital losses must be offset against gross discount capital gains before any CGT discount is applied.

In exceptional circumstances (e.g. where Units are suspended from quotation for more than 5 consecutive trading days), Units of a non Authorised Participant may be redeemed in limited cases. In this event, Unitholders should seek professional taxation advice regarding the taxation implications of the redemption.

## Taxation of Financial Arrangements (TOFA) regime

The TOFA rules may apply to certain 'financial arrangements' held by the Fund. In broad terms, in calculating the net (taxable) income of the Fund, returns on certain financial arrangements may be recognised on an accruals basis rather than a realisation basis, and on revenue account.

The Administrator will assist the responsible entity with compliance with the TOFA rules, as required by the tax legislation.

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (FATCA) is US tax law that requires Foreign Financial Institutions (FFIs) to comply with a number of additional compliance obligations in order to ensure that 30% FATCA withholding tax is not deducted from:

- certain US sourced income (referred to as fixed, determinable, annual or periodic (FDAP) income);
- gross proceeds from the sale of securities giving rise to US FDAP income; and
- passthru payments.

The definition of a FFI is very broad. Generally speaking, the responsible entity and the Fund fall within the definition of a FFI for FATCA purposes.

### **Australian Inter-Governmental Agreement**

On 28 April 2014, an Inter-Governmental Agreement (IGA) was signed between Australia and the US. The FATCA regime has been applicable in Australia since 1 July 2014.

As a result, the responsible entity and the Fund (as applicable) are required to ensure that:

- relevant entities are registered with the US Internal Revenue Service (IRS);
- Unitholder identification processes and documentation requirements are enhanced in order to determine status for FATCA purposes;
- specific due diligence procedures are conducted on Unitholders in existence as at 30 June 2014 in order to determine their status for FATCA purposes; and
- annual reporting to the ATO of relevant Unitholders (if any) occurs within the required regulatory timeline (currently 31 July annually).

The responsible entity may therefore be required to request Unitholders to provide additional information in order to comply with FATCA compliance obligations.

### **Common Reporting Standards (CRS)**

Australia has implemented the Organisation for Economic Cooperation and Development's approach for the automatic exchange of information (the Common Reporting Standard or 'CRS') by 'financial institutions' (as defined for CRS purposes) on non-residents account holders or investors. The CRS is also known as 'global FATCA'.

On 3 June 2015, Australia signed a multilateral competent authority agreement to automatically exchange information under the CRS and, on 18 March 2016, legislation implementing the CRS received Royal Assent.

The CRS will apply to Australian financial institutions from 1 July 2017, with a first reporting deadline of 31 July 2018 (for the six months from 1 July 2017 to 31 December 2017). Generally speaking, the responsible entity and the Fund will fall within the definition of a 'financial institution' for CRS purposes.

Accordingly, the responsible entity may be required to request Unitholders to provide additional information in order to comply with its compliance obligations under the CRS. The responsible entity will continue to monitor developments in this regard to ensure relevant CRS compliance obligations are met.

### **Review of the taxation system**

The comments noted above are based on the taxation legislation and administrative practice as at the issue date of this PDS, together with changes to the taxation legislation as announced by the Government. However, it should be noted that the Australian tax system is in a continuing state of reform, and based on the Government's reform agenda, reform is likely to escalate rather than diminish. Any reform of a tax system creates a degree of uncertainty, whether it be uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process.

Current reforms include a deregulation review in relation to the TOFA rules. This reform may impact on the tax position of the Fund and its investors. Accordingly, it will be necessary to closely monitor the progress of these reforms, and it is strongly recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

### **Changes to the taxation of Managed Investment Trusts (MITs)**

In May 2016, the Australian Federal Government enacted legislation establishing a new tax system for Managed Investment Trusts.

Trusts that meet the eligibility criteria may elect to become an Attribution Managed Investment Trust (AMIT). The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for MITs and their investors. The responsible entity of the Fund intends for the Fund to elect into the AMIT regime from 1 July 2017.

Key changes under the AMIT rules are:

- taxable income and credits will be allocated to investors on a 'fair and reasonable' attribution basis, rather than being allocated proportionally based on each investor's present entitlement to the income of the trust;
- where the amount of taxable income estimated for the fund at year end is different to the amount that is finally calculated, the difference (an under or over) is generally carried forward and adjusted in the year in which the variation is discovered;
- the cost base of an investor's holdings is increased (or decreased) where the cash distribution they receive from the trust is less than (or more than) certain components attributed to the investor. Details of cost base adjustments will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement (AMMA Statement);
- in certain circumstances, capital gains or revenue gains may be specifically allocated to investors e.g. where a large redemption triggers capital or revenue gains in the trust;
- a choice is available to treat individual classes of units as separate AMITs (so that, for example, losses of one class will not be offset against the income of another class); and
- in certain circumstances, specific penalties may be imposed for failure to comply with various aspects of the AMIT rules.

The Administrator will assist the responsible entity with compliance with the AMIT rules as required by tax legislation.

### **Australian Taxation of Non-Resident Investors**

Australian withholding tax may be withheld from distributions of Australian source income and gains paid to a non-resident investor. Based on the Fund's investment profile, non-resident investors holding their Units on capital account should not generally be subject to Australian capital gains tax on the disposal of Units in the Fund unless the Units were capital assets held by the investor in carrying on a business through a permanent establishment in Australia. Australian tax may apply in certain circumstances if the non-resident holds their units on revenue account

The responsible entity recommends that non-resident investors seek independent tax advice in relation to these issues if required.

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

It is not compulsory for an Australian investor to quote their TFN or ABN. If an Australian investor is making this investment in the course of a business or enterprise carried on by the investor, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the responsible entity to withhold tax at the top marginal rate plus the Medicare Levy on gross payments including distributions of income to the investor. The investor may be able to claim a credit in the investor's tax return for any TFN/ABN tax withheld. By quoting their TFN or ABN, the investor authorises the responsible entity to apply it in respect of all the investor's investments with the responsible entity. If the investor does not want to quote their TFN or ABN for some investments, the responsible entity should be advised.

## Fees and costs

### Did you know?

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

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

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

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

### To find out more

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

## Fees and other costs

The table below shows the 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 Fund as a whole. Information about taxes is set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

| Russell Investments High Dividend Australian Shares ETF                        |  |   |
|--|--|---|
| Type of fee or cost  | Amount   | How and when paid   |
| <b>Fees when your money moves in and out of the fund</b>                       |  |   |
| <u>Only applicable to Authorised Participants creating and redeeming Units</u> |  |   |
| <b>Establishment fee:</b> The fee to set up your investment                    | Nil  | Not applicable  |
| <b>Contribution fee:</b> The fee on each amount contributed to your investment | Nil  | Not applicable  |
| <b>Withdrawal fee:</b> The fee on each amount you take out of your investment  | Nil  | Not applicable  |
| <b>Exit fee:</b> The fee to close your investment                              | Nil  | Not applicable  |
| <b>Management costs*</b>   |  |   |
| The fees and costs for managing your investment                                | 0.34% p.a. comprising: <ul style="list-style-type: none"> <li>management fee** - 0.34% p.a.</li> <li>Indirect costs*** - 0.00% p.a.</li> </ul> | The management fee is calculated daily and is payable to RIM on a monthly basis. RIM will pay the normal operating fees and expenses of the Fund out of the management fee. |

| Service Fees  |   |   |
|---|---|---|
| <b>Switching fee:</b> The fee charged for changing investment options                 | Nil   | There are currently no fees for changing investment options. However, the constitution provides for a switching fee of up to 1% p.a. that could be charged in the future. |
| Authorised Participant Transaction Fee  |   |   |
| <b>Transaction fee:</b> The fee charged for every application/redemption of Units**** | \$400 to create and redeem Units in the Fund. | Payable by the Authorised Participant at the time of application and at the time of redemption. We may waive this fee in certain circumstances.                           |

\* Management costs are expressed as a percentage of the Fund's net assets. Management costs are paid directly from the assets of the Fund and are reflected in the daily unit price when declared. Unless otherwise stated, fees and costs quoted in this PDS are inclusive of GST and take into account any available reduced input tax credits. The management costs do not include transactional and operational costs or other costs that you would incur if you invested directly in the underlying assets of the Fund. Please refer to further disclosure under the heading 'Additional Explanation of Fees and Costs' below for further important information about fees and costs including management costs and transactional and operational costs.

\*\* Subject to the Corporations Act 2001 and the Constitution, the Responsible Entity may negotiate different management fees with Wholesale Clients. Refer to further disclosure under the heading 'Additional Explanation of Fees and Costs' below.

\*\*\* The 'Indirect costs' are estimated based on the amounts incurred for the financial year ending 30 June 2017. These costs can vary from period to period, and the actual costs incurred in future periods may differ from the numbers shown here.

\*\*\*\* Please see 'Transaction fees for Authorised Participants' under section 'Additional Explanation of Fees and Costs' below.

## Additional Explanation of Fees and Costs

The following information has been provided to help you understand the Fees and Costs section.

### Example of annual fees and costs

This table gives an example of how the fees and costs in the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other investment products.

| Example: Russell Investments High Dividend Australian Shares ETF<br>(Balance of \$50,000 with total contributions of \$5,000 during the year) |            |   |
|---|------------|---|
| <b>Contribution Fee</b>   | Nil        | For every \$5,000 you put in, you will be charged \$0.  |
| <b>PLUS Management costs**</b>  | 0.34% p.a. | And, for every \$50,000 you have in the Fund you will be charged \$170 each year.   |
| <b>EQUALS Cost of Fund</b>  | Nil        | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during a year you would be charged fees of \$170*.<br><br><b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b> |

\* Note: This assumes that the \$50,000 is invested for the entire year, the value of the investment is constant over the year and that the additional \$5,000 is invested on the last day of the year. Please note this is an example only. In practice your actual investment balance will vary daily, and hence the actual management costs charged, will also vary daily. Please see below for more information.

\*\* Management costs are expressed as a percentage of the Fund's net assets.

### Management Costs

Management costs include all fees and expenses incurred by us in managing the Fund (excluding transactional and operational costs). At the date of this PDS, the Fund's management costs are made up of our management fee,

however, in the future, management costs may also include indirect costs (including expense recoveries).

The management costs are payable out of Fund assets and are reflected in the Fund's Unit price.

Indirect costs are estimated based on the amounts incurred by the Fund for the financial year ending 30 June 2017.

Management costs do not include transactional and operational costs and other costs that an investor would incur if the investor invested directly in the underlying assets. More information on transactional and operational costs is set out below under the heading "Transactional and Operational Costs".

## Management fee

We charge a management fee for managing and operating the Fund. The management fee accrues and is paid monthly in arrears from the Fund's assets. The Fund's constitution allows us to charge a management fee of up to 4% p.a. of the Fund's NAV, however, we currently charge a lower management fee of 0.34% p.a. The management fee is GST inclusive.

As at the date of this PDS, we pay all expenses relating to the proper performance of our duties (which are recoverable from the Fund) out of the management fee. These expenses include but are not limited to custody, administration, registry, GST (less any reduced input tax credits) legal, reporting, audit and any other recoverable expenses permitted under the Fund's constitution.

## Indirect Costs

Indirect costs are generally any amount the Responsible Entity knows or estimates will reduce the Fund's returns that are paid from the Fund's assets or the assets of underlying funds (if any). Indirect costs are a component of the Fund's management costs (see the tables above, the indirect costs for the Fund are currently nil). Where indirect costs are payable they include but are not limited to:

- management costs (comprising management fees and expense recoveries of the underlying funds (if any)); and
- a reasonable estimate of the management costs (if any) of investing in over-the-counter (OTC) derivatives used for investment exposure.

## Changes in fees and costs

We do not have any current intention to change the fees and costs but we may change the fees and costs described in this PDS at any time, without your consent. We may decide in the future to recover expenses directly from the Fund in addition to the management costs. Any increase in the Fund's fees and costs will be communicated to you at least thirty days before it occurs.

## Different fees

We may negotiate different fees with investors who are 'wholesale clients' under the Corporations Act 2001. Accordingly, we may waive or rebate some of our fees (or issue Units in the Fund) to these 'wholesale clients' so that they pay reduced fees but are ultimately at our discretion, subject to the Corporations Act 2001 and ASIC policy. This is generally because they invest large amounts of money in the Fund. We cannot enter into individual fee arrangements with other investors. Please contact us if you require further details on negotiating fees.

## Commissions and other benefits received

We, or members of Russell Investments, may receive commissions and other benefits (e.g. research) from brokers in respect of trades for the Fund. These benefits may flow to the Fund and to other funds managed by us. We instruct the investment managers of the Funds to trade only with brokers who will provide best execution, regardless of whether these trades are placed with brokers related to us or not.

## Transactional and operational costs

In managing the investments of the Fund, transactional and operational costs such as brokerage, settlement costs, clearing costs, government taxes and charges, and bid/offer spreads may be incurred. Transaction costs of over-the-counter (OTC) derivatives may also be incurred by the Fund. Transactional and operational costs are in addition to other costs you may incur as an investor in a Fund. The amount of transactional and operational costs will vary from year to year depending on the type, size and frequency of transactions.

Further information about the Fund's transactional and operational costs for the last financial year will be available by 30 September 2017 on our website (see <https://russellinvestments.com/au/disclosures>) or can be obtained free of charge by contacting us. This document should be read together with this PDS.

### **Transaction fee for Authorised Participants**

The transaction fee is payable with every application/redemption of Units. This fee represents the custody and administration costs associated with the in-specie nature of the transaction and is payable to the Fund.

The same transaction fee is applied to all applications and redemptions and is a separate flat dollar fee regardless of the size of the transaction.

The transaction fee is payable by the Authorised Participant on application and on redemption. In the case of an application for Units the transaction fee is payable in addition to the issue price and in the case of a redemption of Units, the transaction fee will be deducted from the redemption proceeds.

The transaction fee is GST inclusive.

### **Stockbroker fees for all other investors**

Non-Authorised Participants will incur customary brokerage fees and commissions associated with buying and selling Units on the ASX. This fee should be discussed with a stockbroker prior to investing.

### **Related party payments**

Members and affiliates of Russell Investments may receive fees on normal commercial terms for providing services to the Fund. In particular Russell Investments Implementation Services, LLC will receive fees and other amounts for assisting us with the investment management services in relation to the Fund.

### **Records of alternative forms of remuneration that is not conflicted remuneration**

Occasionally, we may provide benefits of small value to Australian Financial Services Licensees and/or their representatives who recommend our funds to retail clients such as professional development, sponsorship and entertainment for financial advisers and dealer groups, where the law permits. The cost of any alternative remuneration will be paid out of our monies, so it does not represent any additional cost to you. We maintain records of these benefits as required by the Corporations Regulations. These records will be provided to you on request within one month and we may charge a reasonable cost for obtaining and giving the particulars to you.

## **Investing and redeeming**

### **Applications and redemptions**

Applications for and redemptions from the Fund must be made by an Authorised Participant. In addition, redemptions from the Fund can only be made by Authorised Participants who are Australian Residents.

Authorised Participants must complete the Application/Redemption Form attached to this PDS to acquire or redeem Units and send it to the Administrator by the 'cut off time'. Please refer to the Creation and Redemption Procedures for the details to be used when sending the Application/ Redemption Form to the Administrator.

In addition, Authorised Participants will need to enter into an Authorised Participant Agreement and will be required to comply with any additional requirements as set out in the agreement. For a copy, please contact Russell Investments Fund Operations [syd-fundoperations@russellinvestments.com](mailto:syd-fundoperations@russellinvestments.com).

Please note that we may, without giving any reason, refuse or accept all or part of an application for Units in our sole discretion.

Other investors looking to acquire or sell Units in the Fund may purchase or sell Units on the ASX.

### **Minimum application and redemption**

Except in respect of a reinvestment, the minimum number of Units required for any issue or redemption of Units must be whole multiples of 50,000 Units, where each 50,000 Units represents one creation or redemption unit.



## Applications

An Authorised Participant must apply for a whole multiple of a creation unit by transferring to the Fund a creation basket through CHESS with a cash amount (if applicable) representing any residual cash amount and any cash amount in lieu of any non-standard creation basket. In return, we will issue the Authorised Participant with a creation unit. The transfer of the creation unit from us to the Authorised Participant is through CHESS.

Under the constitution of the Fund, an Authorised Participant agrees to indemnify us for any liability arising out of a failure to pay for a Unit. For example, if there is a failure to transfer all or part of the creation basket.

Units issued pursuant to an application will be quoted under the AQUA Rules on the ASX with effect from the settlement of the issue of the relevant Units through CHESS. On a monthly basis we will announce to the ASX via the ASX Market Announcements Platform the Fund's total Units on issue. As the settlement of the issue of the relevant Units will be made through CHESS, we will not be required to hold application moneys prior to the issue of the Units.

## Redemptions

An Authorised Participant can only redeem a whole multiple of a redemption unit by transferring a redemption unit to us for cancellation. In return, we will issue a redemption basket through CHESS with a cash amount (if applicable) representing any residual cash amount and any cash amount in lieu of any non-standard redemption basket. The transfer of the redemption unit from the Authorised Participant is through CHESS.

In certain circumstances, we may be required or permitted by the Fund's constitution or by law to deduct or withhold amounts relating to tax and other amounts from the redemption proceeds that would otherwise be payable to a Unitholder. These amounts (if any) will be deducted from the cash amount that would otherwise be payable to the relevant Unitholder in respect of the redemption.

## Basket of securities

Prior to the opening of trade for each Business Day, the relevant creation and redemption basket of securities is determined by us. This basket generally corresponds to the composition of the Index but may differ. The transfer of the redemption or creation basket to and from an Authorised Participant is through CHESS.

The Fund's NAV and the Fund's NAV per Unit together with the Fund's underlying holdings and creation and redemption baskets will be published daily on our website at [russellinvestments.com.au/etfs](http://russellinvestments.com.au/etfs) and this information may also be provided directly to Authorised Participants once it has been published on our website.

## Residual cash amount

The residual cash amount is calculated at the close of every Business Day.

The residual cash amount is a balancing amount to cover the difference between the value of the creation or redemption basket of securities and the aggregate of the NAV per Unit to ensure there is no impact on existing Unitholders from applications or redemptions.

## Processing applications and redemptions

Generally, applications and redemptions are processed each Business Day. If the Administrator receives your completed Application/Redemption Form by the 'cut off time' on a Business Day, the Administrator will generally process your application or redemption (as the case may be) using the issue or redemption price calculated as at the close of trading on that Business Day.

**The 'cut off time' is 4.00pm on each Business Day (except in the case of non-standard baskets where it is 2:00pm on each Business Day).**

If your completed Application/Redemption Form is received after the 'cut off time', or on a non-Business Day, the Administrator will generally process your application or redemption (as the case may be) using the issue price or redemption price calculated at the close of trading on the next Business Day after it has been received.

Settlement in respect of applications and redemptions generally occurs through CHESS on T+2 which is in line with the relevant ASX rules.

## Issue price and redemption price

The issue price and redemption price is determined as at the close of trading for each Business Day.

The issue price and redemption price is calculated as the NAV of the Fund, divided by the number of Units of the Fund on issue (i.e. the Fund's NAV per Unit).

Details of the daily NAV of the Fund and the Fund's NAV per Unit are available on Russell Investments' website at [russellinvestments.com.au/etfs](http://russellinvestments.com.au/etfs).

The redemption amount paid to a Unitholder on the redemption of Units in the Fund may include an entitlement to the distributable income of the Fund.

Assets are valued in accordance with our securities market valuation policy, usually at the current market value.

You can contact us for a copy of our policies on exercising discretions when calculating Unit prices, including details of any discretions we may exercise in various circumstances, free of charge.

## Non-standard baskets

The Authorised Participant is responsible for notifying us regarding non-standard baskets. Non-standard baskets include a creation or redemption basket which has a restricted security component and which requires the Authorised Participant or the Fund (as the case may be) to deliver additional cash in lieu of restricted securities.

The Authorised Participant will notify both the Administrator and us (simultaneously) of any non-standard baskets as soon as possible but in any event by 2:00 pm Sydney time. We must approve any non-standard baskets before any CHES instruction can occur. Please refer to the Creation and Redemption Procedures for further details of how to provide notification of non-standard baskets.

## Your account balance

Your account balance changes as investments are made and as investment returns are added. Fees and taxes, as well as investment losses, reduce your account balance.

The Fund's NAV fluctuates in line with the market value of assets held in the Fund. Generally, if market values are going up, the Fund's NAV rises and if market values are declining, the Fund's NAV falls.

If the Fund's NAV increases relative to the original NAV at which you received your Units, you have made an investment gain and your account balance rises accordingly. If the Fund's NAV decreases, you've made an investment loss and your account balance will fall.

## Suspension of applications and redemptions

We may suspend applications or redemptions in certain circumstances. This will generally occur around the end of a distribution period when we are calculating and paying the distributable income for the relevant period or where there are factors, as determined by us, which prevent the accurate calculation of Unit prices. However, we may suspend applications or redemptions in other circumstances. We will advise you when such an event occurs.

Applications or redemptions received by us during a period of suspension are deemed to be received on the first Business Day after cessation of the suspension.

## 'Liquid' for the purposes of the Corporations Act 2001

The redemption conditions described above assume that the Fund remains 'liquid' for the purposes of the Corporations Act 2001. If the Fund is 'liquid', we will redeem Units within 30 days of the date on which a redemption request is accepted by us or such longer period as permitted in the Fund's constitution. We are currently of the view that the Fund is 'liquid'.

Under the Corporations Act 2001, if the Fund is 'illiquid', we may offer Unitholders the opportunity to redeem from the Fund on a periodic basis, but we are not obliged to do so. Where no such offer is made, Unitholders have no right to redeem from the Fund.

## Transferring Units

Subject to the constitution of the Fund and ASX requirements, a Unit is usually transferable through the ASX. A Unit may also be transferred by any other method of transfer which is required or permitted by the Corporations Act 2001 and ASX.

## Fund income – when and how?

Any income of the Fund is usually distributed quarterly - within 30 days after the end of March, June, September and December each year.

Your share of income will depend on how many Units you hold at the end of the distribution period.

Fund income can be paid directly to your nominated Australian bank account as cash or you can choose to participate in the Distribution Reinvestment Plan (DRP). Details of the DRP are provided below.

Please note that, whilst generally the Fund will distribute income as specified above, there is no guarantee that income will be available for each distribution period.

Information in relation to distributions by the Fund will be disclosed to the ASX via the ASX Market Announcements Platform.

## Distribution Reinvestment Plan

A DRP is available to eligible Unitholders so that distributions are automatically reinvested so you get additional Units (to the value of your distribution reinvestment) in the Fund.

Partial reinvestment is available. If no election is made, distributions will be automatically paid in cash.

Unitholders can participate in the DRP by registering directly with RIM's share registrar at [www.computershare.com.au/easyupdate/RDV](http://www.computershare.com.au/easyupdate/RDV) or contacting them on 1800 RSL ETF (1800 775 383).

Participation is subject to terms outlined in the DRP rules available on [russellinvestments.com.au/etfs](http://russellinvestments.com.au/etfs).

## Additional Information

### Our legal relationship with Unitholders

In our role as responsible entity, we are responsible for the operation of the Fund. The Fund's constitution provides the framework for the operation of the Fund, and together with this PDS and the Corporations Act 2001, sets out our relationship with Unitholders as the responsible entity. A free copy of the Fund's constitution is available on request. We may amend the constitution in accordance with the constitution and the Corporations Act 2001.

Some of the provisions in the Fund's constitution are discussed elsewhere in this PDS. Others relate to:

- how we must calculate Unit prices;
- our powers – which are very broad – and how and when we exercise them;
- our ability to refuse applications;
- calling, attending and voting at Unitholder meetings;
- when we are not liable to Unitholders;
- when we may retire as responsible entity; and
- when the Fund may terminate and what happens if the Fund terminates.

In our role as the responsible entity, we are not liable for any loss unless we fail to comply with our duties under the constitution and the Corporations Act 2001. A Unitholder's liability is limited by the constitution to the value of their Units but the courts are yet to determine the effectiveness of provisions like this.

### The Responsible Entity

Russell Investment Management Ltd is the responsible entity of the Fund and is part of Russell Investments. The firm is a global asset manager offering multi-asset portfolios and services which include advice, investments and implementation. Russell Investments stands with institutional investors, financial advisors and individuals working with their advisors—using the firm's core capabilities that extend across capital market insights, manager research, asset allocation, portfolio implementation and factor exposures—to help each achieve their desired investment outcomes. The firm has more than AUD\$361.4 billion in assets under management (as of 30 June 2017).

Headquartered in Seattle, Washington, Russell Investments operates globally with 21 offices, providing investment services in the world's major financial centres such as London, Paris, Amsterdam, Sydney, Tokyo, Shanghai, Toronto and New York. For more information about how Russell Investments helps to improve financial security for people, visit [russellinvestments.com.au](http://russellinvestments.com.au).

Our responsibilities and obligations as responsible entity of the Fund is governed by the constitution for the Fund as well as the Corporations Act 2001 and general trust law. Russell Investment Management Ltd holds an Australian Financial Services License and is a member of the Financial Services Council ('FSC').

Under the Corporations Act 2001 the responsible entity may be changed by a resolution passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution.

## Unit classes

The Fund may offer different classes of units. Identical rights attach to all units within a class. However, the rights and obligations attaching to different classes of units may vary and are set out in the constitution and the relevant offer document. As at the date of this PDS, there is only one class of units that have the features described in this PDS.

## Compliance plan and compliance committee

The Fund has a compliance plan which describes the means that we take to ensure compliance with the Corporations Act 2001 and the Fund's constitution. A Compliance Committee with a majority of independent members has been established by us to oversee compliance with the Fund's constitution and the Corporations Act 2001.

## Market maker

Under the AQUA Rules, we have certain obligations in respect of the Fund to facilitate an orderly and liquid market in the Fund.

A market maker will create and redeem Units as required to hold inventory of a security and provide buy and sell prices to the secondary market, while potentially hedging their underlying positions also.

Each day the basket of underlying securities of the Fund is published, allowing the market maker to calculate the total value of the Fund. The market maker applies a buy and sell spread to the value and publishes these prices on the exchange, continuously updating the prices throughout the trading day and trading as orders are submitted.

We understand the importance of the role of the market maker and seek to appoint market makers that: have experience in making markets in ETFs and other types of listed securities in both Australia and overseas; that are ASX participants and have agreements with the ASX to act as a market maker; and that have the necessary skill and expertise to perform a market making function.

Subject to the AQUA Rules, we may replace a market maker appointed in respect of the Fund or appoint additional market makers.

## Related party contracts

We have entered into a number of arrangements with related body corporates. In particular, Russell Investments Implementation Services, LLC will provide us with assistance in our role as the investment manager.

We have appointed the related parties on an arm's length commercial basis. We have also made these appointments after considering the requirements of our conflicts of interest policy and our obligation to manage conflicts of interest under the Corporations Act 2001.

## Index Provider

We have appointed Frank Russell Company as the Index Provider to Fund. Russell Investments' global indexes offer a transparent way to accurately measure distinct segments of the global market.

Please refer to page 5 for a full description of the Index.

RIM may substitute the Index for another index. However, RIM will not do this if to do so would significantly change the Fund's investment strategy as described in this PDS, unless the change of investment strategy has been approved by a resolution of Unitholders passed by at least 75% of votes cast on the resolution.

If the Index is changed, we will make an announcement to the ASX and take such steps as required by law.

Frank Russell Company has given and, as at the date of this PDS, has not withdrawn its consent to be named as the Index Provider to the Fund in this PDS in the form and context in which it is named.

## Custodian and administrator

We have appointed State Street Australia Limited as the Custodian and Administrator of the Fund. The Custodian and Administrator will provide custodial and certain administrative services to the Fund. The Custodian and Administrator has not been involved in any way in the preparation of this PDS and is named only for information purposes.

State Street Australia Limited has given and, as at the date of this PDS, has not withdrawn its consent to be named as the Custodian and Administrator of the Fund in this PDS in the form and context in which it is named.

## Registrar

We have appointed Computershare Investor Services Pty Limited to maintain Unitholder records such as quantity of securities held, tax file number and details of participation in the DRP. The registrar can be contacted at:

### Computershare Investor Services Pty Limited

Yarra Falls

452 Johnston Street

Abbotsford Vic 3067

Ph: 1800 RSL ETF (1800 775 383)

Website: [www.computershare.com.au](http://www.computershare.com.au)

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn its written consent to be named as the Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this PDS other than being named as the Registrar for the Fund. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this PDS.

## Auditors

The Fund and the compliance plan for the Fund are required to be audited annually. We have appointed PricewaterhouseCoopers as auditor of the Fund and of the compliance plan. PricewaterhouseCoopers has given and, as at the date of this PDS, has not withdrawn its consent to be named as the auditor of the Fund in this PDS in the form and context in which it is named.

## Annual Report

Under the Corporations Act 2001 we are required to provide or make available to you a copy of the annual financial report, the annual directors' report and the auditor's report on the annual financial report for the Fund in which you are invested unless you have elected not to receive them. The annual report is published on the website at [russellinvestments.com.au/etfs](http://russellinvestments.com.au/etfs).

## Interest

In circumstances where the Fund holds cash after the receipt of application monies any interest earned on these amounts will be retained for the benefit of all the members of the Fund. In addition, the Fund may hold cash pending the payment of redemption proceeds and any interest earned on these amounts will be retained for the benefit of all members of the Fund. The registrar may also hold cash immediately pending the payment of a distribution. Any interest earned on such will be retained by the registrar to offset expenses incurred in relation to the Fund.

## Investor identification and verification

In making an application for Units under this PDS applicants must provide and we must verify specified proofs of identity before processing an application. Refer to the Client ID Form for further details of the information and identification that is required, which can be obtained by contacting Russell Investments Fund Operations.

The protection of your investments is an important matter. We have investor identification and verification procedures (ID Procedures) in place to manage risks associated with fraud and unauthorised transactions. At times these procedures may cause inconvenience or delay to you. Please remember that the procedures are applied to safeguard your investments.

In addition, under Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislation, we are required to establish and enforce appropriate risk control programs with accompanying ID Procedures and transaction monitoring procedures.

The procedures require applicants to provide satisfactory proof of identity which must be verified before an application for Units can be accepted. The ID Procedures may also require us, from time to time, to reverify that information or request additional identification or related information from you, before we can process a requested transaction on your behalf.

We do not accept any liability for any loss you may incur (whether by delay in acceptance of an application, transaction processing or otherwise), arising from the application of our ID Procedures.

## Complaints

We have procedures in place for dealing with complaints promptly and in any case within 45 days of receiving a complaint. We will acknowledge complaints received as soon as possible after receiving the complaint. If you have any complaints, please contact us:

### The Complaints Manager

Russell Investment Management Ltd

GPO Box 3279

SYDNEY NSW 2001, Australia

Email: [disputeresolution@russellinvestments.com](mailto:disputeresolution@russellinvestments.com)

Fax number: 1300 768 040 (in Australia)

+612 9229 5116 (outside Australia)

Phone number: (02) 9229 5111 (in Australia)

+612 9229 5111 (outside Australia)

We are also a member of the Financial Ombudsman Service Limited ('FOS'). If you have any complaints you may write to FOS at:

GPO Box 3

Melbourne VIC 3001 Australia

Phone: 1300 78 08 08 (in Australia)

Fax: (03) 9613 6399

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

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

## Your privacy

The way that we collect, use, disclose, keep secure and give people access to their personal information is regulated by the Privacy Act 1988. Our Privacy Policy states how we manage personal information and includes details about:

- how we use personal information (for example, we may share it with related companies and external service providers, or use it to tell you about other products and services that we offer – but you can elect to step receiving such information at any time);
- how we store and maintain personal information;
- how you can access or correct your personal information; and
- how you can make a complaint to us about a breach of the Privacy Act 1988.

You do not need to give us any of the personal information requested in the Application/Redemption Form or any other document or communication relating to the products or services that we supply to you. However, without this information, we may not be able to process your application or redemption or provide you with an appropriate level of service.

As an investor in the Fund, you agree to us collecting, holding and using personal information about you, in the way set out in our Privacy Policy, to process your application or redemption, and administer and manage the products and services we provide to you. This includes monitoring, auditing and evaluating the products and services, modelling data, data testing, communicating with you and dealing with any complaints or enquiries.

You also agree to us disclosing your personal information to other Russell Investments companies as well as our external service providers, which provide services in connection with our products and services.

We may also disclose your personal information:

- if, acting in good faith, we believe that the law requires or permits us to do so;
- if you consent; or

- to any party proposing to acquire an interest in our business.

For full details on how we manage personal information, a copy of our Privacy Policy can be obtained on our website at [russellinvestments.com.au](http://russellinvestments.com.au) or by contacting us.

If you wish to update or request access to your information or if you have any queries regarding our Privacy Policy, please contact us at:

#### **The Privacy Officer**

Russell Investments  
Level 29, 135 King Street  
SYDNEY NSW 2000  
Email: [aus-compliance@russellinvestments.com](mailto:aus-compliance@russellinvestments.com)  
Phone: 02 9229 5111

### **What you need to remember**

This PDS contains general information only. It has not been prepared having regard to your investment objectives, financial situation or specific needs. Before making a decision to invest in the Fund, you need to consider whether the Fund is appropriate to your objectives, financial situation and needs. We encourage you to obtain financial advice before making an investment decision.

As with most investing, it is not guaranteed that you will make money from investing in the Fund. The value of your investment can go up or down and you could get back less than you invested. Please note that neither we nor any other member of Russell Investments guarantees the repayment of your capital or the performance of the Fund. We recommend that you satisfy yourself with respect to the risks associated with an investment in the Fund. Please refer to page 9 for a more detailed description of those risks.

### **Updated information**

Information in this PDS is subject to change. Where information in this PDS changes which is not materially adverse to a Unitholder, we may update this information by publishing the changes on our website: [russellinvestments.com.au](http://russellinvestments.com.au). You can contact us if you would like a paper copy of this information, free of charge.

We may also be required to issue a supplementary PDS as a result of certain changes. Certain other changes will be deemed to be incorporated into this PDS by reference.

Electronic or paper copies of this PDS can be obtained free of charge from us.

As responsible entity of the Fund, we are subject to continuous disclosure obligations that require us to make material information available. We will comply with our continuous disclosure obligations under the law by publishing material information about the Fund on our website in accordance with ASIC's good practice guidance for website disclosure. You can obtain a copy of the Fund's continuous disclosure information by visiting our website [russellinvestments.com.au](http://russellinvestments.com.au). We encourage you to regularly check our website for new information that may be relevant to your investment. A paper copy of this information will also be given to you, on request, without charge.

### **ASIC Relief**

#### **Equal Treatment Relief**

ASIC has granted relief under section 601QA(1) of the Corporations Act 2001 from the equal treatment requirement in section 601FC(1), to the extent necessary to permit the payment of net redemption proceeds and the redemption requirements and procedures for Units as described in this PDS.

#### **PDS and Issue of Securities Requirements**

ASIC has granted relief under section 1020F (1)(c) of the Corporations Act 2001 from sections 1013H and 1016D, to reflect the continuous offering of Units in the Fund. For the purposes of this relief Units issued pursuant to an application will be quoted under the AQUA Rules on the ASX with effect from the settlement of the issue of the relevant Units through CHESS and on a monthly basis we will announce to the ASX via the ASX Market Announcements Platform the Fund's total Units on issue within 5 Business Days after the month end. As the settlement of the issue of the relevant Units will be made through CHESS, we will not be required to hold application moneys prior to the issue of Units.

**Redemption Facility – Relevant Interest in Fund Assets**

ASIC has granted relief under section 655A(1) and 673(1) of the Corporations Act 2001 by modifying section 609 of the Corporations Act 2001 to ensure that the ability to lodge a redemption request under the redemption facility offered by the Fund does not by itself give Unitholders a relevant interest in the securities held by the Fund. The instrument needs to be taken into account by Unitholders in relation to their obligations under the takeover and substantial holder notices regimes in the Corporations Act 2001. The relief will not apply once the relevant Units are redeemed.

**Ongoing Disclosure Relief**

ASIC has granted relief under section 1020F(1) (a) of the Corporations Act 2001 from the ongoing disclosure requirements in section 1017B on condition that we comply with the continuous disclosure requirements of the Corporations Act 2001 as if the Fund were an unlisted disclosing entity.

**Class Order Relief - Periodic Statements**

ASIC has granted relief under Class Order 13/1200 which exempts RIM from certain periodic statement requirements. In particular, we are not required to include in periodic statements purchase or sale price information or return on investment information where RIM is unable to determine such information and the periodic statement explains why this information is not included and describes how it can be obtained or calculated. In addition, Class Order 13/1200 requires us to report in the periodic statement whether the Fund has met its investment objective over the last one year and five year periods.



## Terms used in this PDS

**'Administrator'** refers to State Street Australia Limited.

**'Application/Redemption Form'** refers to the application/redemption form attached to this PDS.

**'AQUA Rules'** refers to the ASX Operating Rules that apply to AQUA products and AQUA trading.

**'ASIC'** refers to the Australian Securities and Investments Commission.

**'ASX'** refers to the Australian Securities Exchange Ltd.

**'Australian Resident'** means a person who is an Australian resident for tax purposes.

**'Authorised Participant'** refers to persons who have been authorised as trading participants under the ASX Operating Rules and, where required, have entered into a relevant Authorised Participant Agreement.

**'Authorised Participant Agreement'** refers to an agreement between us and an Authorised Participant governing the application and redemption of Units in the Fund.

**'Business Day'** has the same meaning as in the ASX Operating Rules.

**'CHESS'** refers to Clearing House Electronic Subregister System.

**'creation/redemption basket'** means a portfolio of securities determined by us.

**'creation/redemption unit'** means 50,000 Units.

**'Custodian'** refers to State Street Australia Limited.

**'ETF'** refers to an exchange traded fund.

**'Fund'** refers to the Russell Investments High Dividend Australian Shares ETF ARSN 142 405 721.

**'Index'** refers to the Russell Australia High Dividend Index.

**'NAV'** refers to the net asset value of the Fund.

**'PDS'** means this product disclosure statement as amended or supplemented from time to time.

**'Russell Investments'** is a global financial services organisation with headquarters in Seattle, USA.

**'Trading Day'** means a day determined by ASX to be a Trading Day and notified to Market Participants, as defined in the ASX Operating Rules.

**'Unit'** refers to units in the Fund as described in this PDS.

**'Unitholder'** refers to a person holding Units in the Fund.

**'we', 'our', 'us' or 'RIM'** means Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence Number 247 185, the responsible entity of the Fund.