

SMSF INVESTMENT SOLUTIONS

GLOBAL CREDIT AND ABSOLUT RETURN UNITS SERIES 1

A 3 year exposure to a basket of Global Funds

The objective of the Global Credit and Absolute Return Units Series 1 Units is to deliver positive returns to Investors over a 3 year period. The Units aim to achieve this by offering leveraged exposure to a diversified basket of global investment funds (the **Reference Basket**) that have a primary investment mandate to invest in global fixed income investments and/or are absolute return focused.

The Units provide Investors with notional exposure to the Reference Basket for a period of 3 years.

Other features include:

- potential for enhanced exposure to the Reference Basket (because the Issue Price is a fraction of the Notional Exposure);
- potential for returns at Maturity which are determined by reference to the Reference Basket over the Investment Term and without exposure to foreign currency (provided the Units are held until Maturity); and
- potential for two Coupon payments during the Investment Term.

Each Unit is a separate right to receive the Delivery Asset and certain related rights under a deferred purchase agreement as described in the PDS.

After Maturity, Investors will receive the Delivery Assets, unless they request for the Issuer to sell the Delivery Assets on their behalf and receive the Sale Monies (which includes a deduction for any Delivery Costs).

Summary of the key features are as follows

Launch Series 1		
	Weighting on Commencement Date	Fund
Reference Basket: Equally weighted exposure to the following 4 global funds	25%	PIMCO Funds Global Investors Series Plc - Income Fund
	25%	Old Mutual Dublin Funds Plc - Old Mutual Global Equity Absolute Return Fund
	25%	Jupiter JGF - Dynamic Bond
	25%	GAM Star PLC - Credit Opportunities EUR
Averaging of the Reference Basket	Yes, over the first two months and over the last two months of the Investment Term.	
Issue Price	\$0.066	
Notional Exposure	Each Unit provides a Notional Exposure of \$1.00 per Unit. This means that if you were to purchase 100,000 Units, which would have a total purchase price of \$6,600 (plus any Adviser Fee as agreed with your Financial Adviser), your investment exposure to the Reference Basket for the purposes of calculating Coupons and Final Value would be \$100,000. This enhanced level of exposure to the Reference Basket will magnify both the gains and losses of the Units.	

Coupons	The Units may pay two Coupons of up to 10% of the performance of the Reference Basket Value (before the subtraction of the Performance Fee payable). The First Coupon is calculated at the end of the first year of the Investment Term and the Second Coupon is calculated at the end of the second year of the Investment Term. Please refer to the PDS for the Coupon calculation formula.
Final Value at Maturity	The Final Value per Unit is determined in accordance with the following formula: $\text{Final Value} = 90\% \times [\text{Max}(0, (\text{Notional Exposure} \times (\text{Final Reference Basket Value}/\text{Initial Reference Basket Value} - 1) - \text{Gross First Coupon} - \text{Gross Second Coupon}))]$ <p>The 90% in the above formula for Final Value has the effect of reducing the Final Value by the amount of the Performance Fee. The Performance Fee is 10% of the amount that would otherwise be payable.</p>
Delivery Assets at Maturity	On Maturity, it is intended that Investors receive a parcel of ordinary shares in Telstra Corporation (ASX Code: TLS, website: www.telstra.com.au) (Delivery Asset), equal in value to the Final Value per Unit multiplied by the number of Units held by an Investor. The performance of Units is not directly affected by the performance of the TLS shares up to the Maturity Date. However, after the Maturity Date, the value of the security will be determined by the price of the Delivery Asset as traded on the ASX.
Agency Sale Option	Investors may elect to have the Delivery Assets sold on their behalf rather than take delivery of the Delivery Assets.
Performance Fee	The amount of each Coupon and the Final Value will each be reduced by an amount on account of a Performance Fee, which is retained by the Issuer. The amount of the Performance Fee on each Coupon will be 10% of the amount which would otherwise have been payable had the Performance Fee not been deducted. The Performance Fee per Unit on the Final Value will be the higher of zero and the performance of the Final Reference Basket Value relative to the Initial Reference Basket Value and multiplied by the Notional Exposure. Other fees and charges may apply. Please refer to the PDS.
SMSF Eligibility	Yes

Overview of each global fund

Global Fund	Description
PIMCO Funds Global Investors Series Plc	The objective of the Fund is to seek high current income, consistent with prudent investment management. The Fund will utilise a global multi-sector strategy that is founded on the principle of diversification across a broad range of global fixed-income securities.
Old Mutual Dublin Funds Plc – Old Mutual Global Equity Absolute Return Fund	The Fund aims to deliver an absolute return by investing in a market neutral portfolio of actively traded large capitalisation global equities. The Absolute Return Fund is managed using highly developed proprietary systematic techniques that exploit short term anomalies.
Jupiter JGF Dynamic Bond	The Fund aims to achieve a high income with the prospect of capital growth from a portfolio of investments in global fixed-interest securities. The Fund will invest in higher yielding assets, high yield bonds, investment-grade bonds, government bonds, preferred shares and convertible bonds.
GAM Star PLC – Credit Opportunities EUR	The Fund's objective is to achieve long-term capital gain. The Fund invests in income bearing or accruing securities with fixed principal amounts including government bonds, corporate bonds, junior debt securities, preferred shares, convertible securities and contingent capital notes.

Worked Examples

Scenarios

Set out in the table below are some assumed values for the Reference Basket Value over the Investment Term for four different scenarios. In Scenario 1, the Reference Basket Value steadily climbs throughout the Investment Term. In Scenario 2, the Reference Basket Value rises then falls below the starting level by the end of the Investment Term. In Scenario 3, the Reference Basket Value falls in value for the entire Investment Term and finishes below the starting level at Maturity. In Scenario 4, the Reference Basket falls in value for the first two years then finishes above the starting level at Maturity. In relation to the calculation of the First Coupon and Second Coupon, where the relevant calculation produces a negative result, no Coupon will be payable.

Date	Reference Basket Value			
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Initial Averaging Date 1 (Commencement Date)	100	100	100	100
Initial Averaging Date 2 (Commencement Date + 1 Months)	100	102	104	101
Initial Averaging Date 3 (Commencement Date + 2 Months)	100	104	105	102
First Coupon Determination Date	112	114	101	95
Second Coupon Determination Date	120	91	95	100
Maturity Averaging Date 1	130	90	90	112
Maturity Averaging Date 2	128	85	95	114
Maturity Averaging Date 3	138	80	85	116

Overview of Scenarios 1, 2, 3 and 4

The table below sets out the Coupons, Final Value per Unit and value of the Delivery Parcel per Unit which would apply to Scenario 1, 2, 3 and 4 for an investment of 100,000 Units. Please refer to Section 7 "Worked Examples" of the PDS for detailed information on the calculation method for Coupons, Final Value, Performance Fees and the value of the Delivery Parcel per Unit.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Number of Units	100,000	100,000	100,000	100,000
Issue Price	\$A0.066	\$A0.066	\$A0.066	\$A0.066
Investment Amount	\$A6,600	\$6,600	\$A6,600	\$A6,600
Adviser Fee (To be agreed to with your Financial Adviser)	\$A2,200	\$A2,200	\$A2,200	\$A2,200
Total Investment Amount (based on 100,000 Units)	\$8,800	\$A8,800	\$A8,800	\$A8,800
Initial Reference Basket Value	100	102	103	101
First Coupon per Unit	\$A0.10	\$A0.10	\$0.00	\$0.00
Performance Fee on First Coupon* per Unit	\$A0.01	\$0.01	\$0.00	\$0.00
First Coupon Amount (based on 100,000 units)	\$A9,000	\$A9,000	\$0.00	\$0.00
Second Coupon per Unit	\$A0.10	\$0.00	\$0.00	\$0.00
Performance Fee on Second Coupon* per Unit	\$A0.01	\$0.00	\$0.00	\$0.00
Second Coupon Amount (based on 100,000 units)	\$A9,000	\$0.00	\$0.00	\$0.00
Final Reference Basket Value	132	85	90	114
Final Value per Unit	\$A0.12	\$0.00	\$0.00	\$A0.14
Performance Fee on Final Value* per Unit	\$A0.012	\$0.00	\$0.00	\$A0.014
Final Value Amount (based on 100,000 Units)	\$A10,800	\$0.00	\$0.00	\$A12,600
Value of Delivery Parcel received by Investor who holds 100,000 Units [^]	\$A10,800	\$0.00	\$0.00	\$A12,600

*This is the Performance Fee.

[^] This value of the Delivery Parcel may be less where there are Delivery Costs. As at the date of the PDS, the Issuer does not expect there to be any Delivery Costs on the Delivery Parcel. The value of the Delivery Parcel is subject to rounding due to the nature of the Delivery Asset, please refer to the PDS for more information. Coupons are not included in the Delivery Parcel and are a separate cash payment to Investors.

In relation to the calculation of the First Coupon and Second Coupon, where the relevant calculation produces a negative result, no Coupon will be payable. In Scenarios 2 and 3, the Final Value is \$0.00 therefore Investors will not receive a Delivery Parcel on Maturity. In addition, for Scenarios 3 and 4 no Coupons are payable. Therefore, Investors would have lost their entire Total Investment Amount.

Key risks include:

- Investors' returns (including Coupons) are affected by the performance of the Reference Basket. There is no guarantee that the Reference Basket will perform well.
- There is no guarantee that the Units will generate returns in excess of the Total Investment amount. Investors may lose their entire Total Investment Amount.
- There is no minimum Final Value. The Final Value depends on the performance of the Reference Basket Value and the amount of the First Coupon and Second Coupon on the relevant Maturity Date. The Final Value will be equal to zero if there has not been an increase in the Reference Basket Value (subject to averaging) greater than the Gross First Coupon and Gross Second Coupon over the full Investment Term.
- There may be no Coupons where the Reference Basket Value has remained constant or declined over the Investment Term. The Coupons are capped at 10% of the performance of the Reference Basket Value (before conversion to AUD, and the subtraction of the Performance Fee).
- There is no established market for the Units. The Issuer has the right to accept or reject redemptions in its absolute discretion. Generally, the Issuer would only reject or defer an Issuer Buy-Back request if it is unable to adequately unwind its hedging arrangements.
- Investors are subject to counterparty credit risk with respect to the Issuer and the Hedge Counterparty.
- If the Issuer defaults under the Hedge, then the Hedge Counterparty will have the right (but not the obligation) to terminate the Hedge of that Series. If the Hedge is terminated, it will be an early unwind and the value derived will be the early termination value of the Hedge. This may be significantly less than the value that the Investor could expect on Maturity, and may be zero.
- Investors are limited in their recourse against the Issuer (for example, if the Issuer defaults under the Units or the PDS) to only the amounts recovered or recoverable under the Hedge corresponding to their Series of DPA. Otherwise, Investors have no recourse to the Issuer personally, and cannot claim any amounts greater than the Final Value plus any Coupons that were, or could have been due and owing.

Please refer to Section 8 "Risks" of the PDS for a complete description of all the risks that apply to an investment in SMSF Investment Solutions Global Credit and Absolute Return Units Series 1.

Investors should read the PDS in full before making a decision to acquire SMSF Investment Solutions Global Credit and Absolute Return Units Series 1.

For more information and to receive a copy of the PDS, please visit

www.smsfinvestmentsolutions.com.au

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The Issuer may, in its discretion, extend or shorten the Offer Period for the Units without prior notice. If this happens, the Commencement Date and one or more consequential dates for the Units may vary. The Issuer may also defer the Commencement Date for the Units, in which case the Maturity Dates and other consequential dates for the Units may vary. If the Issuer varies the Offer Period or the Commencement Date for the Units it will post a notice on the website informing applicants of the change at www.smsfinvestmentsolutions.com.au

Units in SMSF Investment Solutions Global Credit and Absolute Return Units Series 1 are issued by SMSF Investments Solutions Pty Limited (ACN 627 878 228) (the Issuer) and arranged by Pinnacle Securities Pty Ltd (ABN 61 608 667 778, AFSL 485760). A Product Disclosure Statements (**PDS**) is available for SMSF Investment Solutions Global Credit and Absolute Return Units Series. You can access the PDS through SMSF Investment Solutions' website at www.smsfinvestmentsolutions.com.au. If you are considering investing in the product, please read the PDS. Capitalised words and expressions used in this flyer have the meaning given to them in the PDS.

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You should seek independent advice in relation to the tax implications of your investment.