

mFund Settlement Service

This Fact Sheet contains important information about using the mFund Settlement Service when you buy or sell units in managed funds through a broker. You will be asked by your broker to acknowledge that you have been given this information before you use the service. You do not have to use the mFund Settlement Service if you do not want to.

<p>What is the mFund Settlement Service for managed funds?</p>	<p>The Australian Securities Exchange (ASX) has developed a settlement service called mFund. It replaces the traditional application process for investors in managed funds.</p>
<p>Why has ASX done this?</p>	<p>mFund was developed by ASX as a settlement service for investors and brokers. mFund is an electronic processing system for managed funds. It 'settles' (in other words, finalises) transactions in managed funds using the same settlement system, known as 'CHES', that the ASX uses for settling share transactions. It replaces the use of paper forms for managed fund transactions.</p>
<p>What are the benefits to investors?</p>	<p>A benefit for investors is the consolidated report which summarises all of the investor's holdings in shares and / or managed funds. Investors can also use their existing broking account to invest in managed funds without the need for paper.</p>
<p>How do I use this service?</p>	<ol style="list-style-type: none"> 1. You place a 'buy order' for units in the managed fund(s) of your choice through your broker. You should read the Product Disclosure Statement (PDS) for the managed fund before making this decision. If you are using an online broker you should download the PDS and if you are using a full service broker they should give you the PDS 2. You indicate on your order screen (if using an online broker), or tell your full service broker, that you agree to the use of the mFund Settlement Service and have read the PDS. 3. Your broker processes your order using the mFund Settlement Service. Your payment comes out of your broking account. 4. When you want to sell your managed fund units, your broker uses the mFund Settlement Service to process your order.
<p>How quickly can I sell my units and get my money?</p>	<p>When investing in managed funds through mFund, you are buying or selling units in a managed fund. You are NOT buying or selling something that can be traded on a stock exchange or market. This means that you may not be able to exit your investment or convert your investment to cash when you want to.</p> <p>Managed funds on mFund generally will process redemptions within 10 business days, although it may be shorter in practice.</p>
<p>Does ASX endorse the managed funds?</p>	<p>No, ASX does not endorse the managed funds settled through mFund.</p>
<p>What does it cost?</p>	<p>ASX does not charge you anything for you to use the mFund Settlement Service. ASX charges your broker to use the service. You should read your broker's Financial Services Guide to confirm what your broker charges you for you to use the service.</p>

Some things you need to know about the mFund Settlement Service

Make sure that you understand the following two points:

1. You ARE buying or selling units in a managed fund. You are NOT buying or selling something that can be on a stock exchange or market.
2. When you invest in any managed funds you specify the dollar amount that you wish to invest in the fund, rather than the number of units you want. For this reason, the mFund Settlement Service does not include current unit

price information on these managed funds. You will be able to see historical prices on the ASX website and the fund manager’s website. When you sell units, you can specify the number of units you want to sell.

This table gives a useful comparison of this new service versus ASX’s share trading system

	mFund Settlement Service for managed funds	Trading shares on the ASX
What is it for?	Managed funds	Shares
What is it?	It is a service which allows investors to buy and sell managed funds directly with the fund managers via brokers.	It is a system which allows investors to buy and sell shares (trade) directly with other investors via their brokers.
Are the managed funds/shares listed on a stock exchange?	No	Yes
What is ASX’s role?	The role of ASX is to provide a settlement service only.	ASX operates the stock exchange, where buying and selling investors trade with each other.
How do investors buy the investment?	The investor buys the units through the broker. The units are sold by the fund manager.	Investors buy from other investors on the stock exchange
Are investors able to trade with other investors?	No	Yes
How do investors sell the investment?	The investor sells the units through the broker. The units are bought by the fund manager.	Investors sell to other investors on the stock exchange.
Does ASX guarantee investment performance?	No, as is the case with other managed fund investments which are not traded on the stock exchange.	No, as is the case with any investment in shares.

Important information

- ASX has Listing Rules which govern disclosure by companies that have their shares traded on the ASX. The ASX Listing Rules do not apply to the managed funds.
- The ASX market is covered by a compensation fund called the National Guarantee Fund that covers investors in certain cases of broker misconduct, where those investors have bought shares and some other investment products on the stock exchange. As with other investments not traded on the stock exchange, the National Guarantee Fund does not cover investments in the managed funds.
- Division 4 of Part 7.11 of the Corporations Act contains a number of statutory warranties which operate to provide protections in relation to transfers of shares on a stock exchange. These statutory warranties are not available for mFund Settlement Service transactions.

Glossary of terms

It is important that users of this service understand the difference between these two terms

Settle and settlement	Finalising a transaction by transferring the units to the buyer and the money to the seller
Trade and trading	Investors buying or selling shares on a stock exchange

Further enquiries:

Visit mFund.com.au or ask your broker or financial adviser about mFund.

Information provided is for educational purposes and does not constitute financial product advice. You should obtain independent advice from an Australian financial services licensee before making any financial decisions. Although ASX Limited ABN 98 008 624 691 and its related bodies corporate (“ASX”) has made every effort to ensure the accuracy of the information as at the date of publication, ASX does not give any warranty or representation as to the accuracy, reliability or completeness of the information. To the extent permitted by law, ASX and its employees, officers and contractors shall not be liable for any loss or damage arising in any way (including by way of negligence) from or in connection with any information provided or omitted or from any one acting or refraining to act in reliance on this information.
©Copyright 2019 ASX Operations Pty Limited ABN 42 004 523 782. All rights reserved 2019 00527 06/19