

Zurich Investments

# Equity Income Fund & Global Equity Income Fund Fee Reduction

FAQs

## Why has Zurich reduced its fees?

The Zurich Investments Equity Income fund was launched in 2006. At the time it was the only fund of its kind available to advisers and investors and we believe that the fee set for the fund was an appropriate reflection of the cost to deliver the strategy and of the expertise of the portfolio management team.

Over the 9 years of delivering this fund to market there have been a number of new entrants and whilst we believe that our Portfolio Management team is unrivalled and are the pioneers of the Equity Income strategy, these competitor funds have reflected lower MER's. Coupled with an increasing fund size allowing efficiencies in scale, which has reduced some costs associated with running this fund, and the strength of Zurich's business and diversified fund offerings, we believe it is now appropriate to reduce the MER and pass this onto investors.

In assessing the fee of the Zurich Investments Equity Income Fund, we also took the time to review the fee of the recently launched Zurich Investments Global Equity Income Fund, which has also resulted in a fee reduction.

## What is the reduced management fee for the Zurich Investments Equity Income Fund?

The new fee for the Zurich Investments Equity Income Fund will be **1.39%**.

## What is the reduced management fee for the Zurich Investments Global Equity Income Fund?

The reduced fee for the Zurich Investments Global Equity Income Fund will be **1.29%**.

## When will the fee reduction take place?

The change will take place effective **1 July 2015**. This is to ensure that enough time is given to complete internal changes, including the updating of the Product Disclosure Statements and communications to all concerned parties.

## Who will the fee reduction apply to?

The reduction in fees will apply to all Zurich Investments Equity Income Fund and Global Equity Income Fund unit holders from 1 July 2015.

**Does this fee change apply where the funds are accessed through platforms?**

The fee reduction will apply where the funds are accessed, either directly or through platforms.

Note that platforms may charge additional fees independent of the management fee charged by Zurich.

**Does this impact the level of rebates which a platform or institutional investor may have agreed with Zurich?**

No. Any agreed rebates which currently have the effect of reducing the fee for any platform or institutional clients will continue to apply and will therefore have the effect of further reducing that client's fee.

**Will Zurich be revising the current income target on the Fund now that the fee has been reduced?**

As you may be aware, the fund aims to deliver 10 per cent income per annum, grossed up for franking credits, over rolling three year periods and before fees. After three quarters, the fund is on track to deliver this objective for the 2014-15 financial year.

Zurich and the investment manager Denning Pryce will continue to monitor the fund's ability to meet this objective going forward and may look to make changes where we believe it is in the best interest of the unit holders.