

# State Street International Equities Index (Hedged) Trust

ARSN 089 590 170

## Product Disclosure Statement

**Issued** 6 October 2015 by State Street Global Advisors, Australia Services Limited ABN 16 108 671 441, AFSL 274900 (“**Responsible Entity**” or “**SSGA, ASL**”)

### Contents

1. About State Street Global Advisors, Australia Services Limited
2. How the State Street International Equities Index (Hedged) Trust works
3. Benefits of investing in the State Street International Equities Index (Hedged) Trust
4. Risks of managed investment schemes
5. How we invest your money
6. Fees and costs
7. How managed investment schemes are taxed
8. How to apply

### Important information

This product disclosure statement (“**PDS**”) provides a summary of significant information relating to the State Street International Equities Index (Hedged) Trust ARSN 089 590 170 (“**Fund**”). It includes a number of references marked with a \* to other information in the “**Information Booklet**” which forms part of this PDS. This is important information you should read and consider before making a decision to invest in the Fund. You can access the PDS and the Information Booklet – State Street Wholesale Funds at [www.ssga.com](http://www.ssga.com) or request a copy free of charge by calling us on (02) 9240 7877 or 1300 382 689. The information in this PDS is general only and does not take into account your individual objectives, financial situation or needs. You should consider whether the information in this PDS is appropriate for you in light of your objectives, financial situation or needs. You should consult a licensed financial adviser to obtain financial advice which is tailored to your personal circumstances.

An investment in the Fund is not a deposit with or other liability of any company in the State Street Corporation group of companies including State Street Bank and Trust Company (ABN 70 062 819 630, AFSL 239679) and is subject to investment risk including possible delays in repayment and loss of income and principal invested. No company in the State Street Corporation group of companies, including the Fund’s investment manager State Street Global Advisors, Australia, Limited (ABN 42 003 914 225, AFSL 238276) (“**SSGA**”), State Street Bank and Trust Company, the Responsible Entity and the Fund’s unit registry, custodian and administrator State Street Australia Ltd (ABN 21 002 965 200 AFSL 241419) (“**SSAL**”) guarantees the performance of the Fund or the repayment of capital or any particular rate of return, or makes any representation with respect to income or other taxation consequences of any investment in the Fund.

The offer made in this PDS is to persons receiving this PDS (electronically or otherwise) within Australia or New Zealand. Applications from outside of those countries will not be accepted. This PDS is intended for use only by those persons in Australia or New Zealand who are (i) wholesale clients (as defined in the Corporations Act 2001 (Cwlth) investing directly in the Fund or (ii) investing through an investor directed portfolio service, such as a master fund or wrap account, or a custodial service (“**Platform**”). References to dollar amounts in this PDS are to Australian dollars.

## 1. About State Street Global Advisors, Australia Services Limited

SSGA, ASL is the responsible entity of the Fund and is responsible to Unitholders for the operation of the Fund under the Corporations Act and the Fund's constitution. As the responsible entity, SSGA, ASL is wholly responsible for the operation of the Fund and any agents that it appoints in its role as Responsible Entity, including the Investment Manager. In this PDS the terms "we", "us" and "our" refer to the Responsible Entity.

As Investment Manager, SSGA manages the assets of the Fund in accordance with the Fund's investment objectives and strategies and acts as distributor of the units in the Fund. SSGA is part of State Street Global Advisors Inc., the asset management arm of State Street Corporation and one of the largest investment managers in the world. As at 30 June 2015, State Street Global Advisors had funds under management of A\$3.1 trillion across a range of investment strategies and markets. SSGA, the Investment Manager for the Fund, is the Australian affiliate of the State Street Global Advisors group. SSGA had funds under management of A\$168.6 billion as at 30 June 2015.

The Responsible Entity may also use the services of other related companies in the administration and management of the Fund and pay fees for their services, including the custodian, SSAL.

## 2. How the State Street International Equities Index (Hedged) Trust works

The Fund is a registered managed investment scheme structured as a unit trust. It is not listed on any securities exchange. You can invest in the Fund either directly (if you are a wholesale client) or through a Platform. If you invest directly, you will be issued with units in the Fund. If you invest through a Platform, the units will be issued to the Platform, and the following information about investments and withdrawals applies to the Platform's unit holding.

Each unit holder's money is pooled together with other people's money, and the Investment Manager invests that money and manages the assets of the Fund on behalf of all scheme members in accordance with the Fund's investment strategy (see section 3). The Australian Securities and Investments Commission (ASIC) has a website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) that has more information on managed investment schemes.

### **Initial investment**

The minimum investment in the Fund is A\$1 million. We may waive this minimum from time to time for certain investors, or decline any application. You can apply to invest by completing the application form and paying the application money as described in Section 8 below.

### **Additional investments**

You can make additional investments at any time. Simply send us your written instructions along with your payment, noting the name and the code of the Fund, your investor ID, the registered account name and the dollar amount of your additional investment.

### **Unit prices**

The price of units will vary as the market value of the assets in the Fund rises or falls. Unit prices are generally determined once each business day based on the net asset value of the Fund, divided by the number of units on issue. However, in unusual circumstances, we may calculate unit prices more than once on any business day, or less frequently as permitted by the Fund's constitution. You can find the most recent unit prices for the Fund at [www.ssga.com](http://www.ssga.com).

The constitution allows unit prices to include an allowance for transaction costs (also described as a 'buy/sell spread'). In the case of an application price, the price is increased by an allowance for the estimated costs of the purchase of assets in the Fund. In the case of a withdrawal price, the price is reduced by an allowance for the estimated cost of the sale of assets in the Fund.

We will exercise any discretion we have under the constitution for the Fund in relation to unit pricing in accordance with our unit pricing policy. You can obtain a copy of our unit pricing policy at any time on request, at no charge by contacting us on (02) 9240 7877 or 1300 382 689.

### **How to withdraw**

You may ask to withdraw part or all of your investment in the Fund at any time. Withdrawal requests are normally processed in cash within three business days. However, the Fund's constitution allows the Responsible Entity, in certain circumstances, to extend the processing period. Withdrawal proceeds are generally paid by Austraclear or direct credit to your nominated bank account.

To request a withdrawal:

- Write to SSAL providing details of the number of units to be withdrawn or the dollar value required, the name and the code of the Fund, your investor ID, the registered account name in which the investment is held, the full bank account or Austraclear details, and the preferred date for processing, or

- Complete a withdrawal form, which you can obtain from [www.ssga.com](http://www.ssga.com).

There is no minimum withdrawal amount however, your remaining investment balance must be at least A\$25,000 unless you withdraw all of your investment.

In the unlikely event that the Fund becomes illiquid, you may not be able to withdraw your funds within the usual period upon request. See the Information Booklet for more information.

#### ***Processing applications and withdrawals***

Completed application and withdrawal requests received by SSAL before 2:00pm Sydney time on a Sydney business day, will be processed using the next unit price calculated, based on the market value of Fund assets. If an application or withdrawal request is received after this time or on a day that is not a Sydney business day, it is deemed to be received on the next Sydney business day. You can find details of the Fund's Holiday Schedule; listing days the unit pricing is suspended and applications and redemptions are not processed due to market closures that impact the Fund at [www.ssga.com](http://www.ssga.com).

#### ***Switching***

A switch between this Fund and another fund operated by the Responsible Entity is effectively treated as a withdrawal from one fund and an application to invest in the other. Indirect Investors should consult the disclosure document for their Platform for details of switching arrangements (including any fees) that may apply in relation to their Platform.

#### ***Income distributions and reinvestment***

The Fund intends to distribute income, if any, to you annually, for the year ending 30 June, in proportion to your unit holdings on this date. Special distributions of capital or income may be made at any time during the year. Distributions are calculated based on the earnings of the Fund including dividends, realised net capital gains and net currency hedging profits (if any) less any expenses. The Fund fully distributes its distributable income to investors for each financial year. Distributions will generally be paid within two weeks from the end of the relevant distribution period, although the Fund's constitution allows up to two months. Distributions may be reinvested in additional units (at the next unit price after the end of the relevant distribution period) or paid by deposit to your nominated bank account.

#### ***Indirect Investors***

Investors investing in the Fund indirectly ('Indirect Investors') via an Investor Directed Portfolio Service ('IDPS') or IDPS-like scheme, (such as a master trust or wrap account) or a nominee or custody service (referred to in this PDS as a "Platform") do not themselves become investors in the Fund, and accordingly have no right to request withdrawal or other rights as a unit holder. The offer document for your Platform should have further details. If you are an Indirect Investor, generally the relevant Platform operator (or its custodian) acquires the rights of a unit holder, and will receive distributions or the proceeds of redemptions on your behalf.

\* You should read the important information about "Processing applications and withdrawals" before making a decision. Go to section 1 of the Information Booklet - located at [www.ssga.com](http://www.ssga.com) or available by calling us on (02) 9240 7877 or 1300 382 689. The material relating to "Processing applications and withdrawals" may change between the time you read this PDS and the day when you acquire the product.

### **3. Benefits of investing in the State Street International Equities Index (Hedged) Trust**

#### ***Benefits of investing in the Fund include:***

##### **Diversified Investment**

- The Fund provides investors with a cost efficient way of gaining diversified exposure to international stock markets while hedging the currency risk associated with offshore investments.

##### **Relatively Low Cost**

- The Fund is designed to be cost efficient. As an indexed fund, the Fund is generally less expensive to operate than actively managed funds and therefore has lower management costs.

##### **Transparency of Performance**

- The Fund is designed to broadly replicate the performance (before fees) of the relevant index.

##### **Distributions**

- The Fund accrues dividends and distributions from the underlying securities in the portfolio. The accrued dividends and distributions, adjusted for currency hedging profits or losses are distributed net of expenses to unitholders annually. In addition, any tax credits the Fund receives are also distributed to unitholders.

### Periodic investor communications

- Up to date information about your investment will be sent to you and information about the Fund is available at [www.ssga.com](http://www.ssga.com).

### Investment Strategy

In managing the Fund, the Investment Manager's primary investment strategy is full replication of the MSCI World ex-Australia Index. The goal of the indexed strategy is to mirror the returns and characteristics of the underlying benchmark. The main investment of the Fund is the State Street International Equities Index Trust which in turn aims to hold each stock in approximately the same weight as it appears in the index. This approach minimises tracking error and transaction costs due to its low turnover. In addition the Fund enters into forward foreign exchange contracts to largely remove the currency risk arising from exposure to foreign denominated securities. The Fund may also use options, future and other derivatives to reduce risk or gain market exposure where necessary to do so. These instruments are not used speculatively, and are never used to gear the Fund.\* You should read the important information about periodic investor communications, the Fund's constitution and the Investment Manager before making a decision. Go to section 2 "Benefits of investing in the State Street Wholesale Funds" of the Information Booklet - located at [www.ssga.com](http://www.ssga.com) or available by calling customer services on (02) 9240 7877 or 1300 382 689. The material relating to "Periodic investor communications" may change between the time you read this PDS and the day when you acquire the product.

## 4. Risks of managed investment schemes

All investments carry risk. Different investment strategies may carry different levels of risk, depending upon the assets that are included in the strategy. Assets and strategies with the highest long-term returns may also carry the highest level of short-term risk.

It is important to understand that:

- The value of investments will vary;
- The level of returns will vary and future returns may differ from past returns;
- Investment returns are not guaranteed and investors may lose some of their money;
- Laws affecting your investments in a managed investment scheme may change over time; and
- The appropriate level of risk for you will depend on your age, investment timeframe, where other parts of your wealth are invested and your risk tolerance, such as how comfortable you are with the possibility of losing some of your money.

### Significant risks of this Fund

Particular risks associated with the Fund include:

- **Investment strategy risk:** there is a risk that the Fund's investment approach will fail to perform as expected in which case the Investment Manager's investment objective for the Fund may not be achieved.
- **Tax risk:** there is a risk that tax outcomes for the Fund may vary significantly due to factors such as large applications or redemptions by investors or significant gains or losses in investment markets. This includes the risk that distributions may be higher or lower than expected.
- **Fund risk:** Fund risks include the potential termination of the Fund, change in the fees and expenses (in accordance with the Fund's Constitution), change in the investment professionals of the Responsible Entity or Investment Manager, or the risk of error in the administration of the Fund.
- **Index risk:** The benchmark used by the Fund is constructed by an index service provider. There is a risk that the index service provider may make errors in the calculation of the Benchmark. Errors may include, but are not limited to, incorrect constituents, incorrect interpretation of company accounts, transcription errors from company accounts and incorrect scaling of constituent weights.
- **Foreign exchange risk:** Foreign exchange risk is the risk a Fund is exposed to as a result of investments that are denominated in foreign currencies. While the foreign exchange risk is largely hedged for the Fund, the hedge may not be fully effective.
- **Credit risk:** Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or part. The currency hedging strategy for the Fund introduces credit risk.
- **Derivative risk:** The Fund uses derivatives to hedge currency risk. The use of derivatives could have a negative impact if there is a disruption in normal trading in the derivative or if a counterparty fails to meet their obligations.

\* You should read the important information about "Risks of managed investment schemes" before making a decision. Go to section 3 of the Information Booklet - located at [www.ssga.com](http://www.ssga.com) or available by calling customer services on (02) 9240 7877 or 1300 382 689. The material relating to "Risks of managed investment schemes" may change between the time you read this PDS and the day when you acquire the product.

## 5. How we invest your money

**Warning:** When choosing whether to invest in the Fund you should consider the likely investment return, the risk and your investment time frame.

<b>State Street International Equities Index (Hedged) Trust</b>	
<b>Description of the Fund</b>	The Fund invests in listed international securities in as close as possible to the same proportions as the MSCI World ex-Australia Index. Although the constitution of the Fund permits borrowing, we do not intend to undertake any long-term borrowings for the Fund. However, from time to time we may undertake short-term borrowings for operational purposes.
<b>Investment return objective</b>	The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the MSCI World ex-Australia Index, 100% hedged in Australian dollars, with net dividends reinvested. There is no guarantee that this objective will be met.
<b>Investor suitability and minimum suggested time frame for holding an investment in the Fund</b>	The Fund is suitable for investors seeking capital growth over the longer term through a well-diversified portfolio of international equities.  We suggest holding an investment in the Fund for at least 5 to 7 years.
<b>Risk level</b>	Very High
<b>Asset allocation ranges</b>	International equities 95 – 100% Cash 0 – 5%
<b>Benchmark</b>	The benchmark for the Fund is MSCI World ex-Australia Index, 100% hedged in Australian dollars.
<b>Fund performance</b>	For information on the performance of the Fund, including performance history (as it becomes available), fund size and some security allocation information, please visit <a href="http://www.ssqa.com">www.ssqa.com</a>  Please note that past performance is not a reliable guide to future performance.
<b>Inception date</b>	February 2003
<b>Fund size as at 30 June 2015</b>	AUD 243.9 million

### **Ethical considerations**

The Manager's investment decisions in respect of the Fund are primarily based on economic factors and they do not specifically take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments.

### **Changing the investment strategy**

We reserve the right to close or terminate the Fund and change the Fund's investment return objective (including benchmark), asset classes and asset allocation ranges. We will inform investors of any material change to the Fund's details in their next regular communication or as otherwise permitted by law.

## 6. Fees and costs

<b>DID YOU KNOW</b>
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 negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.
<b>TO FIND OUT MORE</b>
To find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ( <a href="http://www.moneysmart.gov.au">www.moneysmart.gov.au</a> ) has a managed investments fee calculator to help you check out different fee options and the effect on account balances.

The following table shows the fees and costs you may be charged for investing in the Fund. You can also use this information to compare fees and costs with those of other investment funds. The fees and costs may be deducted from your account balance or deducted from the returns on your investment.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee <sup>1</sup>	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.20% pa <sup>2</sup> of the net asset value of the Fund

The Management Costs for the Fund include the net effect of Goods and Services Tax (GST), which is the applicable rate of GST less any reduced input tax credit available to the Fund. We may increase the fees or expense recovery amounts which comprise the management costs for the Fund, or introduce new fees due to reasons such as changing economic conditions and changes in regulation. If we propose to do so, we will give you 30 days' prior notice. We cannot charge more than the Fund's constitution allows, and unit holder approval is required to change the constitution in this regard.

#### Example of annual fees and costs

The following table provides an example of how the fees and costs for the Fund can affect your investment over a one year period. You should use this table to compare this Fund with other managed investment schemes.

#### Example – Balance of \$1,050,000 with a contribution of \$5,000 during the year

Contribution Fee	Nil	For every additional \$5,000 you invest you will be charged \$0.
<b>Plus</b> Management costs	0.20% p.a.	And, for every \$1,050,000 you have in the Fund, you will be charged \$2,100.00 each year.
<b>Equals</b> Cost of Fund		<b>If you had an investment of \$1,050,000 at the beginning of the year and you invested an additional \$5,000 during that year, you will be charged fees of:</b>  <b>\$2,100.00<sup>3</sup></b>  <b>What it costs you will depend on the fees you negotiate.</b>

\* You should read the important information about "Fees and costs" before making a decision. Go to section 4 of the Information Booklet - located at [www.ssga.com](http://www.ssga.com) or available by calling customer services on (02) 9240 7877 or 1300 382 689. The material relating to "Fees and costs" may change between the time you read this PDS and the day when you acquire the product.

<sup>1</sup> While there is no contribution fee, there are transaction costs. A "buy spread" of 0.21% is added to, or a "sell spread" of 0.16% is subtracted from, the unit price. This amount is retained in the Fund and is not a fee charged by the Responsible Entity. On certain dates (known as crossing days) reduced buy/sell spreads of 0.11% apply.

<sup>2</sup> The amount of this fee includes both the Investment Manager's and Responsible Entity's fees. It includes the Fund's share of management costs incurred in the State Street International Equities Index Trust. It can be negotiated if you are a wholesale client.

<sup>3</sup> The example assumes that the \$5,000 was invested at the end of the year and that your balance remains constant at \$1,050,000 throughout the year (i.e. no further contributions are made and the Fund's unit price does not change) and fees are not individually negotiated with us.



## 7. How managed investment schemes are taxed

Registered managed investment schemes do not pay tax on behalf of resident unit holders. Rather, unitholders are assessed for tax on any income and capital gain generated by the managed investment scheme.

**Warning:** Investing in a registered managed investment scheme is likely to have tax consequences, and we strongly advise that you to seek professional tax advice.

## 8. How to apply

To invest into the Fund:

1. Read this PDS together with the Information Booklet
2. Complete the application form which is available at [www.ssga.com](http://www.ssga.com) or call us on (02) 9240 7877 or 1300 382 689 to obtain an application form. If you are an Indirect Investor, contact your Platform operator.
3. Ensure you insert the dollar amount you wish to invest in the Fund. Payment may be made either by attaching your cheque to the application form, by Austraclear or by electronic funds transfer as noted on the form.
4. Read and sign the declaration included in the application form.
5. Attach all supporting information including identification documents, and (if relevant) power of attorney documents.
6. Send completed application forms and supporting documentation to:

State Street Australia Limited  
Unit Registry  
Level 14, 420 George Street  
Sydney NSW 2000

### *Cooling off*

Only persons who are "wholesale clients" for the purposes of the Corporations Act may hold units in the Fund. As all investors are wholesale clients, cooling off rights do not apply to investment in the Fund.

### *Complaints*

The Responsible Entity has established procedures to deal promptly with complaints in relation to the management or administration of the Fund. Complaints can be made to:

Compliance Manager  
State Street Global Advisors, Australia Services Limited  
Level 17, 420 George Street  
Sydney NSW 2000  
Phone (02) 9240 7877 or 1300 382 689  
Facsimile (02) 9240 7611

Only Unitholders may lodge complaints with SSGA, ASL. Indirect Investors may be able to lodge a complaint with their Platform operator.

In the event of continued dissatisfaction, Unitholders can also contact the Financial Ombudsman Service at:  
GPO Box 3, Melbourne VIC 3001  
Phone 1800 367 287  
Fax (03) 9613 6399  
Email [info@fos.org.au](mailto:info@fos.org.au)  
Website [www.fos.org.au](http://www.fos.org.au)

## Additional information

### *Updated information*

Information in this PDS is subject to change from time to time. Information that is not materially adverse can be updated by us by placing such information on the website, [www.ssga.com](http://www.ssga.com). A paper copy is also available free of charge by calling us on the number below.

### *New Zealand investors*

Information for New Zealand investors is included in the 'Other information' section at the end of the Information Booklet.

### *Contact us*

If you wish to request any information in relation to the Fund (including a copy of this PDS or the Information Booklet), please contact:

#### **Responsible Entity – State Street Global Advisors, Australia Services Limited**

Level 17, 420 George Street  
Sydney NSW 2000  
Phone: (02) 9240-7877 or 1300 382 689  
Facsimile: (02) 9240-7611

#### **Investment Manager – State Street Global Advisors, Australia, Limited**

Level 17, 420 George Street  
Sydney NSW 2000  
Phone: (02) 9240-7877 or 1300 382 689  
Facsimile: (02) 9240-7611

#### **Unit Registry – State Street Australia Limited**

Level 14, 420 George Street  
Sydney NSW 2000

Facsimile: (02) 9323-6411