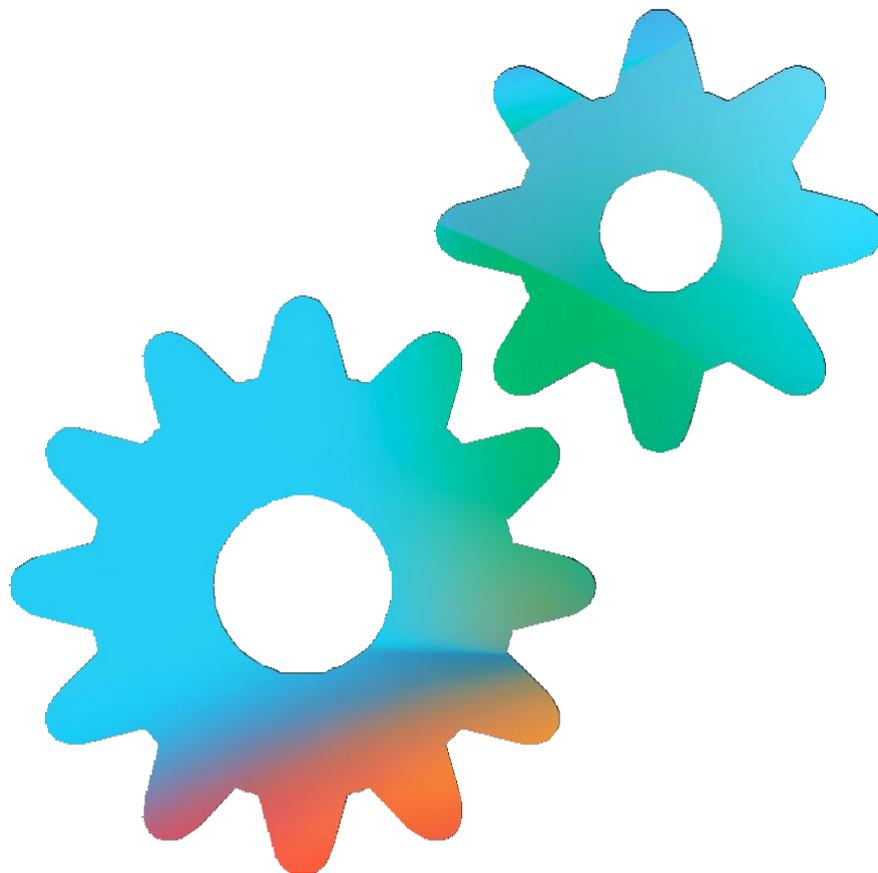


Managed Account

Product
Disclosure Statement

17 October 2019

Part 1 of the Managed Account Product Disclosure Statement



This Product Disclosure Statement ('PDS') has been prepared and issued by Netwealth Investments Limited (ABN 85 090 569 109, AFS Licence No. 230975) ('Netwealth', 'we', 'us' or 'our') in its capacity as the Responsible Entity of the Netwealth Managed Account Service ('Managed Account') which is a registered managed investment scheme (ARSN 633 923 887). This PDS is made up of two parts (this Part 1 and Part 2 – Managed Models Menu) together with a number of other documents taken to be included in this PDS ('Managed Account disclosure documents'). You need to make sure you read all of the Managed Account disclosure documents that are relevant to you – see the 'About the Managed Account disclosure documents' section on page 6.

The Managed Account is currently only available to you if you are using the Netwealth Wrap Service or the Netwealth Superannuation Master Fund ('platform services').

This offer is only available to persons receiving this PDS within Australia.

If you received this PDS electronically, we will provide a paper copy free upon request. If obtaining an electronic copy, please ensure you have a complete copy of each of the documents that make up this PDS together with the other disclosure documents that are relevant to you.

It is important you understand that the values of most investments fluctuate. In other words, most investments go up and down in value as investment specific or general market conditions change. Your investment does not represent deposits with, or other liabilities of, Netwealth. Your investment is subject to investment risk, including possible delays in repayment and loss of income and principal invested, and neither we nor any associated company guarantees the performance of your investment, that you will earn any return on your investment or that your investment will gain or retain its value.

For help with investing generally, you should consider speaking to a registered financial adviser. The Australian Securities and Investments Commission ('ASIC') can help you check if a financial adviser is registered by calling them on 1300 300 630 or by checking on their website www.moneysmart.gov.au. If you don't have an adviser, contact us and we can put you in touch with someone who can help.

General information only

The information provided in the Managed Account disclosure documents is general information only and is not intended to imply any recommendation or opinion about a financial product. This information does not take into account your personal objectives, financial situation or needs. You should consider whether the information is appropriate for you in light of your personal objectives, financial situation and needs, and you should consider consulting a financial adviser before making a decision about whether to invest in the Managed Account or any of the Managed Models.

Information in the Managed Account disclosure documents is based on taxation and other relevant laws and their current interpretation at the date of issue.

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Updating the Managed Account disclosure documents

Information in the Managed Account disclosure documents may change from time to time in the future. Where the changes are not materially adverse, the updated information will be made available to you on our website or by contacting us on Freecall 1800 888 223. A paper copy of any updated information is available from us free of charge upon request.

About the Managed Account

You can only invest in the Managed Account through an account you hold in one of the platform services. You can instruct Netwealth as operator of the relevant platform service to invest in your chosen managed models using the Managed Account. You can also instruct Netwealth as operator of the platform service to apply your chosen personal investment preferences in relation to your managed account, to make additions to the Managed Account, to make withdrawals from the Managed Account and to change or switch between the models held in your managed account.

In this PDS any reference to an instruction provided by you to us in relation to your managed account means an instruction you provide to Netwealth as operator of the platform service to implement in relation to your managed account.

When you direct Netwealth as platform operator to invest in the Managed Account on your behalf through your platform account, the terms and conditions of the Managed Account apply. The terms and conditions of the Managed Account are as set out in this PDS and in the constitution of the Managed Account as amended from time to time.

About the Managed Account disclosure documents

We have published a number of documents to help you understand the Managed Account and how it works. These documents are:

- this PDS which includes:
 - this document, which is Part 1 of this PDS; and
 - the Managed Models Menu, which is Part 2 of this PDS;
- the Managed Account Guide; and
- the Managed Model Profiles documents for the models listed in the Managed Models Menu.

You should ensure that you read all of the documents that are relevant to you before selecting any models.

This PDS

Part 1 of this PDS contains information about the key benefits, risks and features of the Managed Account. Part 2 of this PDS, the Managed Models Menu, sets out a list of the models available through the Managed Account. The Managed Models Menu provides important information about the models, including the investment fees and costs and the minimum investment for each model. The Managed Models Menu is updated regularly, and you should ensure you have the current version of the document.

Managed Account Guide

The Managed Account Guide provides more detailed information about how your managed account works and some of the procedures we follow when you operate your managed account. It also includes information about our role as responsible entity, the role of the Model Managers and risks associated with using the Managed Account. The information in the Managed Account Guide is taken to be included in this PDS.

Managed Model Profiles

Important information about each model, including information about its Model Manager, investment objective and timeframe, its investment strategy, income setting, asset allocation ranges and investment universe is set out in the relevant 'Managed Model Profiles' document. There are one or more Managed Model Profiles documents covering the models managed by each Model Manager. The information in each Managed Model Profiles document is taken to be included in this PDS.

Disclosure documents for your platform account

The Managed Account is only available through a platform account in the Netwealth Wrap Service or the Netwealth Superannuation Master Fund, in relation to which Netwealth (acting in a separate capacity to that as responsible entity of the Managed Account) is the operator or trustee. Details of each of these platforms are included in the relevant platform disclosure document. These disclosure documents are the Product Disclosure Statements for Super Accelerator and Super Wrap, the IDPS Guide for Wealth Accelerator and the Important Information Booklet for Investment Wrap and include any supplementary disclosure documents and any documents incorporated by reference or referred to in the platform disclosure documents. The platform disclosure documents include important information about the operation of your platform account, the fees charged in relation to your platform account and the risks of investments held in your platform account, and you should read these disclosure documents in deciding whether to acquire or continue to hold a platform account.

Accessing these documents

All of the documents described above are available free of charge:

- on netwealth.com.au ('our website');
- in printed form by calling Freecall 1800 888 223; or
- from your financial adviser.

Please ensure you have a complete copy of the Managed Account disclosure documents that are relevant to you.

If you received this PDS (including the Managed Models Menu), or any document referred to in this PDS, electronically, we will provide a paper copy free upon request.

If you obtain an electronic copy of this PDS, please ensure you also have a complete copy of each of the documents relevant to you.

If in the future you invest further amounts, choose to use additional features or select different models, you should review the relevant documents before doing so as conditions and features may have changed since you previously read them.

About the Managed Account disclosure documents

You may obtain a copy of the constitution for the Managed Account free of charge from our website, by calling Freecall 1800 888 223 or contacting us at the address on page 2.

Some important terminology

In this PDS and in the Managed Account Guide we use the following terms to help explain how the Managed Account works:

Term	Meaning
Managed Model (or model)	A model investment portfolio available in the Managed Account. The models you choose are the basis for the investments that will be held in your managed account.
Managed account cash account	Your managed account includes an allocation to cash to provide short term liquidity, to assist in the effective rebalancing of your managed account and to provide a buffer for the efficient settlement of trades.
Model Manager	An investment manager (which may be us or an agent we appoint) who determines the ongoing investment holdings for a particular model in the Managed Account.
Model allocation	You can choose one or more models. The model allocation is the proportion of your managed account to be invested in accordance with each of your chosen models.
Model Performance	The notional return of a model for a period made up of changes in the value of the investments in the model, income accrued and paid on those investments and the deduction of fees and costs (as described on pages 12 to 17) for that period. The Model Performance is unlikely to exactly match your actual investment returns. This is because the investments you hold in your managed account do not always exactly match those of your chosen models (for example, due to your personal investment preferences).
Reference allocation	A theoretical allocation of investments in your managed account which is used by us to rebalance your managed account. We blend your chosen models and your nominated investment preferences to arrive at the reference allocation. This allocation then moves or 'floats' on a daily basis until the next rebalancing.
Float	The allocations to investments and to models in your managed account do not remain fixed. They move or 'float' in line with movements in the market value of the investments and with cash flows associated with the investments or models.
Rebalance	We regularly review the investments in your managed account and, if necessary, we buy or sell investments to keep them in line (as closely as practicable) with your selected models and your nominated investment preferences. These trades constitute a 'rebalance'.
Investment preferences	Certain instructions that you can provide to us regarding investments in your managed account (for example, to exclude a particular investment). ²
Trade	A transaction involving investments in your managed account including buying and selling listed securities and acquiring or redeeming units in managed funds.

² Some investment preferences are not available if you invest in the Managed Account in the Core option in Wealth Accelerator or Super Accelerator.

Benefits of the Managed Account

The key features and benefits of the Managed Account are:

- Professional investment management; the investments in your managed account are reviewed and rebalanced based on the decisions of your chosen Model Managers, reducing the need for you to constantly monitor your portfolio and make investment decisions.
- Transparency and control of underlying investments; you can see what investments are held in your managed account and, if you decide to change models or withdraw from your managed account, you can generally retain or trade those investments to suit your needs.

The benefits and how they are achieved

<p>Access to professional investment management</p>	<p>By investing in the Managed Account through your platform account, investments in your managed account are reviewed and rebalanced by reference to the models set by your chosen Model Managers. This can contribute to investment performance as your investments are reviewed and management decisions utilise the skills of the relevant Model Manager.</p>
<p>Control of your investment strategy and outcomes</p>	<p>Choice of Model Managers and models, covering a spread of investment strategies and asset types, gives you the opportunity to select a particular investment strategy that you decide is appropriate for your needs. By nominating investment preferences, you can also customise your managed account by placing certain restrictions on certain investments to be held in your managed account.</p> <p>You may also be able to change models or withdraw from the Managed Account without having to sell all the underlying investments.</p>
<p>Confidence in how your money is invested</p>	<p>You can see exactly where your money is invested, how each investment contributes to your investment performance and what investment decisions have been implemented on your behalf.</p>
<p>Convenience</p>	<p>You can manage your managed account and choice of models through the one platform account which is accessible online. This provides you or your adviser with information about all your investments in one place and saves you time when managing your investments.</p>
<p>Cost efficiency (which contributes to investment performance)</p>	<p>You can move compatible investments into your managed account, which may reduce the need to trade investments, and you can move investments out of your managed account into your platform account without having to sell them. This can help reduce trading costs, stamp duty and tax.</p> <p>If you decide to change between models, only those investments that are different or have different weightings between the two models need to be traded. This can reduce trading costs and tax when you switch between models.</p> <p>Your investments are only traded in your managed account when necessary. If one of your Model Managers is buying a particular investment and another is selling the same investment at the same time, then these trades are netted off, saving you unnecessary transactions and expenses.</p>
<p>Tax efficiency (which contributes to investment performance)</p>	<p>In addition to the tax efficiencies when you change investment strategies, as described above, there are potential benefits because the tax you pay is directly related to the income and realised capital gains from your investments. Unlike managed funds, your tax position is not affected by previous transactions made by the fund manager, which can lead to accumulated tax liabilities in the managed fund, or the need for the managed fund to sell investments and realise gains due to other investors leaving the managed fund.</p>

Features at a glance

The following tables provide a summary of some important features of the Managed Account. Please ensure that you read this PDS and the Managed Account Guide in full.

Transacting		More details
Minimum investment amount	Each model has a minimum investment amount. The minimum is different for different models.	Managed Models Menu
Minimum addition	You may add amounts to the investments in your managed account. The minimum addition to any model is \$1,000.	Managed Account Guide
Transferring investments into your managed account	You can transfer investments into your managed account via your platform account, provided they are the type of investments that are allowable in the investment strategy of your chosen models.	Managed Account Guide
Withdrawing cash from your managed account	You can instruct us to withdraw from your managed account at any time. Once the requested cash is available, it is paid to your platform account cash account and your managed account is rebalanced. The minimum withdrawal from the investments in your managed account that are managed according to a particular model is \$1,000.	Managed Account Guide
Transferring investments out of your managed account	You can transfer investments out of your managed account without selling the investments. The investments are transferred to your platform account and your managed account is rebalanced.	Managed Account Guide
Changing your Managed Models	You can change your chosen models or model allocation at any time. This causes your managed account to be rebalanced.	Managed Account Guide
Rebalancing		More details
Rebalancing your managed account	<p>We regularly review the investments in your managed account and, if necessary, we rebalance your managed account to keep it in line with your chosen models and any nominated investment preferences. A rebalance may occur because a Model Manager has made a decision that requires a change to the investments of the model.</p> <p>Your managed account may also be rebalanced if you have switched into or out of a model, transferred investments into or out of your managed account, changed your model allocation or changed an investment preference.</p> <p>Changes in the market value of investments in your managed account do not automatically trigger rebalancing. When investment values change, your allocation to investments is allowed to 'float'. Your managed account is not rebalanced back to its initial proportions unless the Model Manager decides to do that. See 'Floating allocation' below in this table.</p>	Managed Account Guide
Minimum holding size	There is a minimum holding of \$250 in any single investment bought for your managed account. You can choose to set a higher minimum holding size which then applies to all investments in your managed account.	Managed Account Guide
Minimum trade size	There is a minimum trade size of \$100 or 0.05% of your total managed account balance, whichever is higher, for any purchase or sale of an investment in your managed account which applies when investments are rebalanced. You may choose to set a higher minimum trade size which then applies to any future trade in your managed account.	Managed Account Guide

Features at a glance

Floating allocation	The allocation to investments in your managed account is allowed to float with movements in the value of the investments. The allocation to models is also allowed to float with movements in the market value of investments. This means that your managed account is not rebalanced simply because investment values have changed.	Managed Account Guide
Investment preferences you can nominate		More details
Substitute³	Where you do not wish to have a particular investment in your managed account, you may instruct us not to buy that investment and to substitute a different investment (that we agree to hold) instead.	Managed Account Guide
Don't hold³	Where you do not wish to have a particular investment in your managed account, you may instruct us not to buy that investment and to spread the amount that would otherwise be allocated to the investment across the other investments included in each model which has an allocation to the don't hold investment.	Managed Account Guide
Lock³	You may instruct us to retain a holding in a particular investment in your managed account and to not trade (buy or sell) any of that investment during a rebalance.	Managed Account Guide
Distribution of income (Income instruction)	<p>You may set an income instruction for your managed account. You can choose between the following options:</p> <ul style="list-style-type: none"> • Reinvest in your managed account; or • Pay to your platform account cash account (by partly redeeming your interest in the Managed Account). <p>If you do not select an income instruction, the reinvest in managed account option applies. You should consider whether your chosen models are managed to accumulate income or if income is unallocated.</p>	<p>Managed Account Guide</p> <p>The relevant Managed Model Profiles document</p>
Minimum holding and trade sizes	You may choose to set a higher minimum holding and/or trade size.	Managed Account Guide
Other features		More details
Taxation	<p>The tax treatment of managed account investments depends on whether your managed account is held using the Netwealth Superannuation Master Fund or the Netwealth Wrap Service. The tax reflects the income you receive from the investments held in your managed account and capital gains or losses realised when the investments are sold.</p>	Page 20
Reporting	<p>We include the investments held in your managed account in your platform account reports. We do not provide separate reporting for your managed account investments or for your investment in the Managed Account.</p> <p>We report the investment performance of each underlying investment you hold in your platform account.</p> <p>We provide information about the Model Performance of each model as described on page 7.</p>	<p>Managed Account Guide</p> <p>The relevant disclosure document for your platform account.</p>
Website	By logging into your platform account, you can view your current investments, your allocation to models and the investment transactions in your managed account. You can also place instructions in relation to your managed account online, including adding to, withdrawing from or switching between models, updating your investment preferences or suspending rebalances.	<p>Page 2</p> <p>The relevant disclosure document for your platform account.</p>

³ This investment preference is not available in the Core option in Wealth Accelerator and Super Accelerator.

Risks

It is important that you understand the applicable risks before you make investments in the Managed Account. All investing involves some degree of risk. The values and returns of most investments fluctuate. Generally, the higher the potential return from an investment, the greater the associated risk. You should consider getting professional investment advice that is tailored to your investment objectives, financial situation and particular needs as this will assist you in deciding whether you are comfortable with the risks involved. More information about the risks of investing in the Managed Account is available in the Managed Account Guide. If you do not understand all of the risks associated with the Managed Account as described in this PDS and the Managed Account Guide, you should ask your financial adviser, or an investment professional, to explain them to you.

Risks associated with the Managed Account

There are risks associated with the operation of your managed account. While we take reasonable steps to minimise or control risks where we can, these risks cannot be eliminated and may affect the performance of your managed account. Risks associated with the operation of your managed account include the following:

- **Risks associated with particular models:** these include risks associated with the level of diversification in particular models, the subjective nature of investment decisions made by the Model Manager, potential changes affecting the Model Manager, such as the loss of key staff, and the Model Manager failing to effectively implement their stated investment philosophy.
- **Risks associated with the operation of your managed account:** these include that the actual investment holdings in your managed account are unlikely to exactly match the holdings of your chosen models, the amount of trading associated with rebalances has an impact on transaction costs and investment performance, if rebalances are suspended your managed account may not reflect the most recent investment decisions made by your chosen Model Managers and, during the rebalance process it is possible that the completion of a trade may be delayed. Also, there are systems risks. The operation of your managed account relies on our systems and processes operating effectively and efficiently to establish and rebalance models and on the relevant Model Manager providing us with updated information regarding the investments of the models on a regular basis. There is a risk that these systems and processes may fail or may not operate as intended.

Investment risks

Investments made through the Managed Account carry investment risks. These risks may impact on the value of the investments and/or limit your ability to have the investments sold or redeemed. Investment markets are affected by numerous factors. These include market risk, currency risk and interest rate risk. There is a risk that investments in your managed account may experience negative investment returns and you should understand that the higher the expected return, the more likely that negative returns may be experienced in the short term.

Standard Risk Measure

The Standard Risk Measure ('SRM') risk band for each model is set out in the Managed Models Menu. The SRM is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. The SRM is not a complete assessment of all forms of investment risk; for instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than you may require to meet your objectives. Furthermore, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. You should always ensure you are comfortable with the risks and potential losses associated with your chosen investment options.

Understanding risks:

You should read the Managed Account Guide before you invest. The Managed Account Guide contains more information to help you understand the risks of investing using the Managed Account.

Standard Risk Measure:

Information about the Standard Risk Measure for each model is available in the Managed Models Menu.

Fees and other 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 negotiate 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) has a managed funds fee calculator to help you check out different fee options.

This document shows 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 assets of the managed investment scheme as a whole.

Information about taxes is set out on page 20 of this document.

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

Fees and costs for particular models are set out in the Managed Models Menu and the relevant Managed Model Profiles documents.

Fees and other costs

Netwealth Managed Account Service

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of your managed account		
Establishment fee The fee to open your investment	Nil	
Contribution fee The fee on each amount contributed to your investment	Nil	
Withdrawal fee The fee on each amount you take out of your investment	Nil	
Exit fee The fee to close your investment	Nil	
Management costs⁴		
The fees and costs for managing your investment The amount you pay for specific models is set out in the Managed Models Menu and the relevant Managed Model Profiles documents.	An investment management fee is payable for each model. The fee is up to 2.0% p.a. of the value of investments in your managed account.	Calculated daily and deducted monthly in arrears from your managed account based on the value of investments that are subject to management in accordance with the relevant model.
The estimated cash fee for each model is as set out in the Managed Models Menu and the relevant Managed Model Profiles documents.	The cash fee is equal to the rate of interest we earn in relation to the cash held in your managed account, less the rate of interest that we credit to the cash held in your managed account. The interest we credit to the cash in your managed account is no less than the official cash rate less 0.50% p.a. We estimate that the cash fee will be between 1.40% p.a. and 1.45% p.a. of the amount of cash held in your managed account. The amount of the cash fee depends on how much cash is held in your managed account and may change if there are changes in the official cash rate and/or the interest rate we receive.	Calculated daily and deducted monthly in arrears from the interest we earn on pooled cash held on deposit by us, before we credit interest to your managed account. This fee is not deducted directly from your managed account.

⁴ A Model Fee may also apply depending on which model you choose. See the section headed 'Model Fee' on page 16.

Fees and other costs

Netwealth Managed Account Service

Type of fee or cost	Amount	How and when paid
Management costs (cont.)		
	A performance fee of up to 20% of any positive Model Performance on certain models. ⁵	The performance fee is calculated based on the Model Performance of the relevant model, and if the performance fee is due, the performance fee is deducted monthly in arrears from your managed account. Where applicable, the performance fee for each model and the period for which any performance fee is determined, is shown in the relevant Managed Model Profiles document.
	An international securities fee of 0.15% p.a. of the value of international securities held in your managed account.	Calculated daily and deducted monthly in arrears from your managed account cash account (based on the Australian dollar value of the securities).
The estimated indirect cost for each model is as set out in the Managed Models Menu and the relevant Managed Model Profiles documents.	Estimated indirect costs of 0% p.a. to 1.387% p.a. of your managed account balance.	Indirect costs are costs not charged by us in relation to the model or models and are deducted from the investments held in your managed account. In the case of investments in your managed account such as managed funds, indirect costs are reflected in the unit price of the relevant managed fund.
Service fees		
Switching fee The fee for changing models	Nil. We do not charge a switching fee, but transaction costs may apply when investments are traded within your managed account - see page 16.	

Additional explanation of fees and costs

Management costs

Investment management fee

The investment management fee described in the table above is deducted from your managed account cash account and paid to us. The amount of the investment management fee is based on the fee rate for the model, as shown in the Managed Models Menu, and the value attributed to the relevant model, which is equal to the total value of all the investments in your managed account (including any cash holdings and investments held as a result of your investment preferences) multiplied by your model allocation for the relevant model.

⁵ See the 'Performance fees' section on page 15 for further details of how performance fees are calculated and the circumstances in which they are payable.

Fees and other costs

Cash fee

All investors' cash held in the Managed Account is currently pooled in one or more interest-bearing accounts with an Australian bank. Each month we are paid the cash fee out of the interest earned on the pooled account. We currently set the cash fee so that the rate of interest credited to each investor's Managed Account (after taking out the fee) is equal to the target cash rate set by the Reserve Bank of Australia at the time, often referred to as the 'official cash rate' ('**Official Cash Rate**'), less 0.50% p.a. For example, if during a month the Official Cash Rate is 1.25% p.a., we set the cash fee so that, after taking out the fee, interest is credited to your managed account at the rate of 0.75% p.a. The rate set is available on our website. The cash fee is deducted from the interest earned on pooled cash before the interest rate is declared, and fee is not deducted directly from your managed account.

Performance fees

A performance fee may apply to certain models. The performance fee is charged by us in relation to investments in your managed account that are managed in accordance with the applicable model. If a performance fee applies, it is payable if the Model Performance of the model exceeds a benchmark return over the period. The benchmark return is an objective performance measure specified in the Managed Model Profiles document for the model. For example, it may be based on a share market index or a combination of indices. If a performance fee is payable, we deduct it from your managed account cash account and pay it to the Model Manager as part of our regular monthly fee process.

To determine if a performance fee is payable, we first compare the Model Performance with the benchmark return. Where the difference is positive over the month, the model has out-performed and a performance fee may be payable. Where it is negative, there is no fee payable and the amount of the under-performance is carried forward. In future months, the amount of the under-performance must be recovered before a performance fee is payable. Where a model out-performs, the value attributed to your investment in the model is used to calculate the value of the out-performance over the month and (assuming there is no carry-forward under-performance amount) this amount is multiplied by the performance fee percentage to determine the performance fee.

The following simplified example shows how the performance fee works assuming a monthly performance fee of 11% of over-performance.

Period	Benchmark return (per \$1,000 invested)	Model Performance (per \$1,000 invested)	Over-performance or under performance	Total carry-forward over-performance or under-performance	Performance Fees
Month 1	\$100	\$40	-\$60	-\$60	\$0
Month 2	\$50	\$80	\$30	-\$60 + \$30 = -\$30	\$0
Month 3	\$70	\$150	\$80	-\$30 + \$80 = \$50	\$50 x 11% = \$5.50
Month 4	-\$80	-\$40	\$40	\$40	\$40 x 11% = \$4.40

International securities fee

The international securities fee of 0.15% p.a. applies only if international securities are held in your managed account. The international securities fee is calculated daily and deducted monthly in arrears from your managed account cash account and is based on the Australian dollar value of the international securities held.

Indirect costs

Indirect costs are an estimate of the costs incurred on the underlying investments in a model and are set out in the Managed Models Menu and the relevant Managed Model Profiles documents. Indirect costs are not charged by us in the Managed Account. In the case of underlying investments such as managed funds, they are reflected in the unit prices of the relevant funds and may include (but are not limited to) management fees charged by the issuer of the underlying investments, performance based

Fees and other costs

fees, certain recoverable expenses (such as legal, accounting, custody and regulatory compliance expenses).

Indirect costs are not fixed but vary from time to time and depend on the types of the underlying assets included in a model, the way in which those underlying assets are traded and the actual costs incurred. We have based our estimate of indirect costs on our estimate as at the date of this PDS of those costs that apply for the current financial year. Actual costs may be more than those estimated due to factors such as investment performance, the incurring of abnormal expenses (for instance, due to changes in the law or litigation), or from investment strategy adjustments in relation to a model or underlying asset.

Transaction costs

Managed Account transaction fee – listed securities⁶

Investments are bought and sold in your managed account when a rebalance occurs. When listed securities are bought or sold in your managed account, we charge the Managed Account transaction fee – listed securities as listed below:

- **ASX listed securities:** 0.15% of the value of each sale and each purchase.
- **International securities:** 0.15% of the value of each sale and each purchase.

This fee is deducted from your managed account at the time of the trade and is an additional cost to you. If we effect a transaction without buying or selling the relevant listed securities (for example, by netting transactions of different investors) we are entitled to retain as a fee the amount of any fee that would otherwise have been payable. We charge the relevant fee(s) for the transaction as if the transaction had taken place without netting.

Other transactional and operational costs

We do not charge transaction fees when managed fund units are purchased or redeemed in your managed account. However, when managed fund units are held in your managed account there may be transactional and operational costs incurred which are not deducted from your investment in the Managed Account but impact on the value of the managed funds held within your managed account. Further information regarding the amount of transactional and operational costs for each model available using the Managed Account is provided in the relevant Managed Model Profiles document (shown under the heading 'Transaction costs').

These transactional and operational costs include buy-sell spreads incurred when purchasing and redeeming interests in managed funds. The responsible entity of the relevant fund is usually entitled to charge an amount to the member for the cost of purchasing or selling the managed fund's assets. These costs are an additional cost incurred at the time of the transaction and are usually reflected in the difference between the application price and withdrawal price of an interest in the managed fund. This is called the buy-sell spread. Buy-sell spreads are generally used to fairly distribute the costs of buying and selling assets between those joining (in the case of buy costs), those leaving (in the case of sell costs) and the other investors in the managed fund. Buy-sell spreads incurred in trading managed funds in the Managed Account are included in estimated transactional and operational costs shown in the relevant Managed Model Profiles document.

We have estimated transactional and operational costs for models (shown under the heading 'Transaction costs' in the Managed Models Menu) will be between 0% p.a. and 0.725% p.a. Actual transactional and operational costs may be more than those estimated due to such factors as a change to the underlying managed funds buy and sell spreads, or changes to the model asset allocations.

The transactional and operational costs are an additional cost to you.

⁶ Listed securities are not available in the Core option in Wealth Accelerator and Super Accelerator.

Fees and other costs

Advice fees

Model Fee

A Model Fee may apply to certain models. A Model Fee is a fee you agree with your financial adviser to be paid to the Model Manager or your financial adviser's AFS licensee. The Model Fee is charged for general financial product advice you receive in relation to certain models and you authorise and direct Netwealth (as the platform operator) to deduct this fee from your platform account cash account. The Model Fee is in addition to any other advice fees you authorise and direct us to pay to your Nominated Financial Adviser or their AFS licensee. The Model Fee is calculated daily as a percentage of the value of investments held in your managed account. The Model Fee is deducted monthly in arrears from your platform account cash account.

Like any client-directed fee, you can opt out of paying the Model Fee at any time by notifying us in writing. If you opt out of paying the Model Fee, the general advice you receive in respect of these models will cease, and you will be taken to have directed us to remove the applicable models from your model allocation. If this occurs, we will seek your instructions regarding the investments held in your managed account.

Other fees and costs

We are entitled to recover certain expenses payable in relation to the operation of the Managed Account from your managed account. These expenses include, but are not limited to, audit fees, legal fees, accountancy fees, custody fees and fees or levies imposed by regulators. We do not currently intend to deduct any such operating expenses from your managed account, and we will provide investors with 30 days' notice prior to doing so.

GST on fees and costs

All fees and costs referred to in this PDS include GST (where applicable). We may be entitled to claim a reduced input tax credit ('RITC') on the GST payable on certain fees. If the Government changes the rate of GST or RITC or the method of determining the RITC, fees and costs deducted from your managed account may change.

Changes to fees and costs

Until you are notified otherwise, the fees and costs applying to the Managed Account will remain as set out in this PDS. We cannot charge more than the maximum fees permitted under the constitution of the Managed Account, which are:

- a management fee of up to 3% per annum of the gross value of the investments in your managed account; and
- a transaction fee of up to the greater of \$200 or 2% of the value of any transaction in your managed account.

We are also able to recover all expenses we incur in relation to the proper performance of our duties in respect of the Managed Account. We may, at our discretion, either waive or defer payment of any fees or costs payable to us. We will give at least 30 days' notice to investors of any proposed increase in fees or introduction of new fees for the Managed Account.

Fees and other costs

Example of annual fees and costs for a model

This table gives an example of how fees and costs in the Morningstar Growth Portfolio⁷, available in the Plus option in Wealth Accelerator and Super Accelerator, can affect your investment over a one-year period. You should use this table to compare this product with other investment products.

EXAMPLE – Morningstar Growth Portfolio		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR ⁸
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	Investment management fee: 0.660% p.a. ⁹ plus Cash fee: 0.074% p.a. ¹⁰ plus Indirect costs: 0.195% p.a. ¹⁰	And , for every \$50,000 you have in the Morningstar Growth Portfolio you will be charged \$464.50 each year.
EQUALS Cost of the Morningstar Growth Portfolio		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$464.50 . ¹¹ What it costs you will depend on the investment options you choose and the fees you negotiate.

⁷ This model is not available in the Core option in Wealth Accelerator or Super Accelerator.

⁸ This example assumes that there is a constant balance of \$50,000 throughout the year with \$5,000 invested at the end of the year.

⁹ This is the investment management fee for the Morningstar Growth Portfolio at the date of this PDS

¹⁰ We have estimated the cash fee and indirect costs that will apply for the current financial year in relation to the Morningstar Growth Portfolio. The cash fee and indirect costs are estimated based on information available to us as at the date of this PDS. Future costs may differ from past costs.

¹¹ Additional fees may apply. For other fees and transaction costs, see pages 12 to 17 for further details.

Other payments and benefits paid or received by Netwealth

Payments from Model Managers

We may receive an ongoing fee from a Model Manager of up to \$11,000 p.a. per model for each model managed by them that is available in the Managed Account. This fee is for services in connection with making each model available. This is paid to us from the Model Manager's own resources and is not an additional cost to you. The fee is retained by us.

Payments to Model Managers

Investment management fee

If we appoint a Model Manager (and we are not ourselves the Model Manager), we may pay the Model Manager a component of the investment management fee (which may be up to 100% of the investment management fee) received by us in relation to each model they manage, for the ongoing provision of investment expertise and advice regarding the investments of the model.

Are our related parties paid fees?

Our related parties may perform various functions and services in relation to the Managed Account, subject to meeting any applicable requirements of the relevant law regarding transactions with related parties. Related parties may receive benefits from organisations, such as fund managers, including the opportunity to subscribe for securities. This is not done in competition with our clients or in a way that would adversely affect our clients. In all dealings in relation to the Managed Account, we deal with related parties on arm's length terms. Fees paid to our related parties in connection with the Managed Account are paid at no more than commercial rates.

Netwealth, as platform operator, receives administration fees based on amounts invested in the Managed Account through the relevant platform service. You should refer to the disclosure documents for the relevant platform service.

Further information

Tax information

There are tax implications associated with investments held in your managed account. You should obtain up-to-date professional advice about how tax applies to your circumstances before making an investment. Tax outcomes will vary depending on whether your managed account is held in the Netwealth Superannuation Master Fund or the Netwealth Wrap Service. Information about how tax applies to your platform account and to the investments held in those accounts is included in the disclosure document for your platform account.

You do not receive a separate tax statement for the Managed Account. If you hold your managed account through the Netwealth Wrap Service, the Annual Tax Statement for your platform account includes the relevant taxation information about investments held in your managed account.

The tax position of individual investors is not considered by the Model Manager when making investment decisions.

Labour standards and environmental, social and ethical considerations

We do not take into account labour standards or environmental, social or ethical considerations for the purpose of appointing any Model Manager. Investment decisions made by the Model Managers do not take into account labour standards or environmental, social or ethical considerations unless otherwise stated in the relevant Managed Model Profiles document. Where Model Managers do take such matters into account this is stated in the relevant Managed Model Profiles document. We do not independently verify information provided by Model Managers in relation to labour standards or environmental, social or ethical considerations and, to the extent permitted by law, do not take any responsibility for it.

What if you change your mind?

No cooling off period applies to the Managed Account or the selection of models. If you choose a model that uses investments that have infrequent or restricted redemptions and you change your mind about the investment, you may not be able to have it redeemed immediately. You should therefore consider the liquidity of the type of investments held in a model before instructing us to invest your funds in it.

What if you have a complaint?

We have arrangements in place to consider and seek to resolve any complaints about the services we provide to you. If you have a complaint about us, the Managed Account, or our other services, you may contact us by email or telephone as shown on page 2 or by writing to:

The Complaints Manager – Investor Services
Netwealth Investments Limited
PO Box 336
South Melbourne VIC 3205

Freecall: 1800 888 223 (within Australia)
Phone: 03 9655 1300
Email: complaints@netwealth.com.au

We will seek to resolve your complaint within 45 days of receiving it. During this time we will update you on the progress of your complaint.

Further information

We are a member of the Australian Financial Complaints Authority ('AFCA'). AFCA is an independent external dispute resolution service established by the Federal Government, which deals with complaints from customers involving financial services and products. If you are not satisfied with the result of our internal complaints procedure, or it has taken longer than 45 days to receive a response, you may be able to refer your complaint to AFCA. AFCA will review your complaint without charge. AFCA may be contacted by email, telephone or in writing to:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Phone 1800 931 678 (free call)
Email info@afca.org.au
Website www.afca.org.au

To allow AFCA to easily identify us, please quote our code number 10709. If you have a complaint about advice that you have received from a financial adviser, you need to contact the adviser or their AFS Licensee. The Financial Services Guide provided by the adviser should outline their dispute resolution procedure. We are not responsible for your Nominated Financial Adviser or any other financial adviser, the advice that they provide or the actions that they may take.

Compensation arrangements

We hold a professional indemnity insurance policy suitable for our business. This seeks to ensure that we are able to compensate you if you suffer any loss as a result of us (or any of our representatives), breaching certain legal obligations to you. These arrangements satisfy the requirements set out under section 912B of the Corporations Act.

Privacy

We are committed to ensuring that the personal information we collect is handled responsibly and in accordance with the Privacy Act 1988 and the Australian Privacy Principles. As part of our commitment to ensuring the safety of our clients' private and confidential information and as a mechanism to ensure compliance with the Privacy Act, we have established and implemented a Privacy Policy. Our Privacy Policy explains our policies and practices with respect to the collection and management of personal information we may collect from you. We collect, use and disclose your personal information in accordance with our Privacy Policy. You may request access to the personal information we hold, subject to certain exceptions under the Privacy Act.

Privacy policy:

A copy of the Netwealth Privacy Policy is available at netwealth.com.au or by contacting us.