

Managed Account

Managed
Model Profiles
1 July 2019

Integrity Financial Planners



Integrity Exclusive Investment Series Moderate Model
Integrity Exclusive Investment Series Balanced Model
Integrity Exclusive Investment Series Growth Model
Integrity Exclusive Investment Series High Growth Model
Integrity Exclusive Investment Series Moderate (Enhanced Income) Model
Integrity Exclusive Investment Series Balanced (Enhanced Income) Model
Integrity Exclusive Investment Series Growth (Enhanced Income) Model



This document has been prepared and issued by Netwealth Investments Limited (ABN 85 090 569 109, AFS Licence No. 230975) ('Netwealth', 'we', 'us' or 'our') as the Responsible Entity of the Netwealth Managed Account Service (ARSN 633 923 887) ('Managed Account Service') and the Netwealth Managed Account ('Managed Account') (ARSN 604 930 252) both of which are registered managed investment schemes. In this document, 'the Managed Account' means both Managed Account Service and Managed Account and 'your managed account' means your interest in the Managed Account Service or Managed Account (whichever you have invested in).

The information in this document, together with the information in the other Managed Models Profiles documents, Managed Models Menu and Managed Account Guide, is taken to be included in the Managed Account Product Disclosure Statements issued by Netwealth ('Managed Account disclosure documents').

This document describes the Integrity Exclusive Investment Series Managed Models for which Netwealth has appointed Zenith Investment Partners Pty Ltd (ABN 27 103 132 672, AFS Licence No. 226872) ('Zenith') as the Model Manager.

If you received this document electronically, we will provide a paper copy free upon request. If obtaining an electronic copy, please ensure you have a complete copy of it, and all of the relevant Managed Account disclosure documents. You should consider all of the Managed Account disclosure documents that are relevant to you before making an investment decision.

The information in this document about Zenith is based on information provided to us by Zenith and:

- we have not independently verified the information provided by Zenith and, to the extent permitted by law, take no responsibility for it;

- Zenith and its related bodies corporate have not authorised or caused the issue of this document or the Managed Account disclosure documents or been involved in the preparation of them other than providing information about Zenith and the investment philosophy and approach; and
- Zenith and each of its related bodies corporate expressly disclaim and take no responsibility for any part of this document or the Managed Account disclosure documents other than in respect of any part of this document to which they have expressly given their consent.

We may choose not to implement the advice provided by Zenith in relation to the investment portfolio for the Integrity Exclusive Investment Series Managed Models where we believe that doing so may breach relevant law or result in an outcome that is not consistent with the investment mandate of the Integrity Exclusive Investment Series Managed Models and we may adjust the investment portfolios of the Integrity Exclusive Investment Series Managed Models in our absolute discretion.

An investment in the Managed Account is not a deposit with or other liability of Zenith or any of its related bodies corporate and is subject to investment risk including possible delays in repayment and loss of income or principal invested. Zenith and its related bodies corporate do not guarantee the performance of the Managed Account, the repayment of capital from the Managed Account or any particular rate of return.

Zenith have given and not withdrawn its consent to be named in this document in the form and context in which it is named.

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Important information about these Managed Models

Netwealth has established the models described in this Managed Models Profiles document by arrangement with the Model Manager for the exclusive use of clients of certain advisers or adviser groups.

To invest in these models, you must have a Nominated Financial Adviser on your platform account who has been approved by Netwealth to use these models. To find out if these models are available to you, you can ask your financial adviser, contact Netwealth or log into your platform account and go to 'Compare funds & models'.

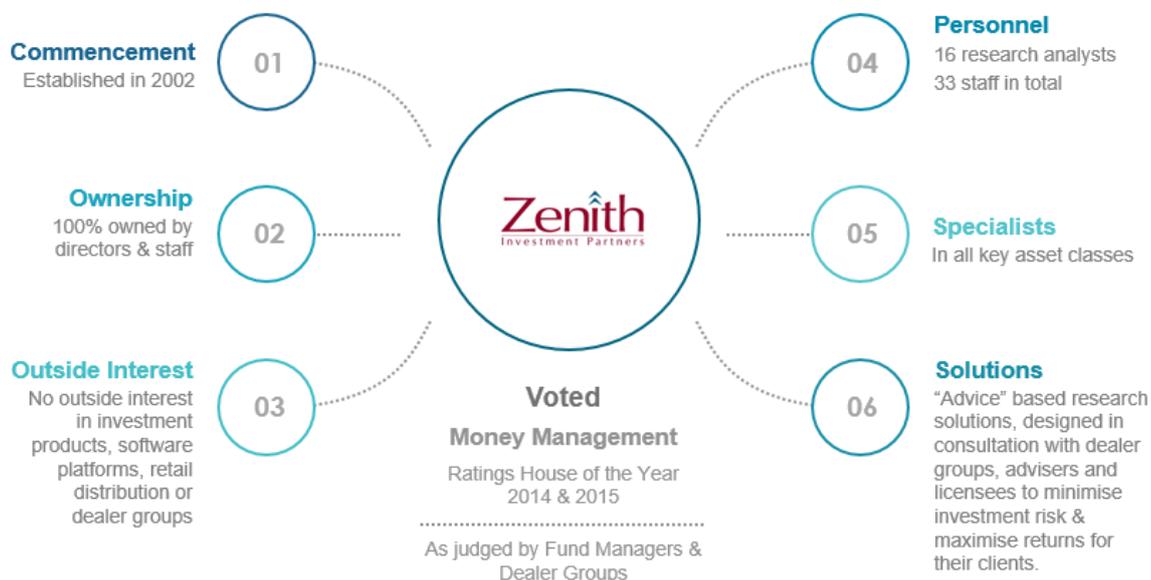
If you cease to have a Nominated Financial Adviser who has been approved by Netwealth to use these models, you may cease to have access to these models. If this occurs, we as platform operator will seek your instructions regarding the investments held in your managed account.

About the Model Manager

Zenith is one of Australia's leading investment research providers dedicated to the delivery of premium investment research solutions for Australian financial advisors and their clients.

Zenith was established in 2002 by David Wright and David Smythe. Each has close to 25 years' experience providing research and model portfolio support to Australian advisers.

Zenith's key areas of expertise are in managed funds research, model portfolio construction and advice, and Investment Committee participation. Zenith provides 'advice' based research solutions designed in consultation with each of our clients to match their specific business requirements.



Investment philosophy and approach

Zenith's investment philosophy is based on the premise that a well-constructed, strategically diversified portfolio of high quality active fund managers, will deliver the best risk adjusted returns for Australian retail clients over the medium to long term.

This is predicated on the belief that investment markets are broadly inefficient, albeit to varying degrees. Therefore, whilst asset allocation remains at the forefront of portfolio outcomes, the capacity to identify quality active management is also essential to exploit these inefficiencies and deliver outperformance over broad market indices.

Zenith's client base is predominantly retail investors. Therefore, Zenith not only aims to generate returns consistent with client return objectives, but also minimize volatility, and provide strong downside protection when traditional market (equities and bonds) returns are poor. Consequently, asset allocations must be well balanced, promoting a diverse range of return drivers with a preference for less efficient markets where active management can have most impact.

Asset allocations must also consider broader industry practices with regard to portfolio sector weightings. Zenith seeks to improve these risk / return outcomes through greater diversification and the use of more contemporary asset classes and / or investment strategies including the use of Alternatives strategies. In doing this, Zenith accounts for the significant business risk advisers face from both a compliance and client return perspective of being too far away from accepted industry practices.

There are 4 key stages to the Zenith Investment Portfolio Construction Process:

- Step 1 involves establishing the appropriate **Investment Objectives** for a broad range of investors (shorter term, risk averse to long term, high risk tolerant)
- Step 2 involves setting the **Asset Allocations** to meet these investment objectives
- Step 3 involves the **Investment Selection** of investment product within these asset allocations
- Step 4 involves **Reporting & Monitoring** of the investment portfolios.

Distribution of income

Accumulation of income

The model income setting for the:

- Integrity Exclusive Investment Series Moderate Model;
- Integrity Exclusive Investment Series Balanced Model;
- Integrity Exclusive Investment Series Growth Model; and
- Integrity Exclusive Investment Series High Growth Model

described in this document is to accumulate income.

This means income from investments held in your managed account accumulates in the form of cash and, as a result, the allocation to cash in the model is increased. The income remains as cash until the Model Manager alters the allocation to investments held in the model.

If you set your income instruction in your managed account to reinvest in the Managed Account, then the amount of cash remaining in your managed account following receipt of income in relation to the assets in your managed account is consistent with the increased cash allocation in the model. No rebalance transactions are likely to occur as a result of the income distribution until the Model Manager determines how to use the additional cash.

Distribution of income:

More information about the distribution of income is available in the Managed Account Guide.

If you set your income instruction in your managed account to pay to your platform account cash account, you are instructing us as platform operator to make a partial redemption from your managed account. As a result, following receipt of income in relation to the assets in your managed account, there may be less cash in your managed account than the cash allocation in the model. Your managed account may be rebalanced and investments may be sold across all the models you hold to satisfy the increased cash allocation.

Non-accumulation of income

The model income setting for the:

- Integrity Exclusive Investment Series Moderate (Enhanced Income) Model;
- Integrity Exclusive Investment Series Balanced (Enhanced Income) Model; and
- Integrity Exclusive Investment Series Growth (Enhanced Income) Model

described in this document is unallocated income.

This means income from investments held in your managed account is not allocated as cash in the model or in your reference allocation.

If you have set your income instruction in your managed account to pay to your platform account cash account, you are instructing us as platform operator to make a partial redemption from your managed account. As a result, following receipt of income in relation to the assets in your managed account, the income is transferred to your platform account cash account. The amount of cash remaining in your managed account is consistent with the cash allocation in the model and your reference allocation and no rebalance transactions are likely to occur as a result of the income distribution.

If your income instruction is set to reinvest in the Managed Account (or no income instruction has been provided), then following receipt of income in relation to the assets in your managed account, there may be more cash in your managed account than the cash allocation in the model. Your managed account may be rebalanced and the cash reinvested across all the investments and models in your managed account, in line with your reference allocation.

Integrity Exclusive Investment Series Managed Model Managed Funds List

The Managed Models referred to in this document may invest in managed funds. The managed funds that may currently be held in the Integrity Exclusive Investment Series Managed Models, along with their product disclosure statements, are listed in the Integrity Exclusive Investment Series Managed Model Managed Funds List available on our website at netwealth.com.au/integrity on the Managed Account Forms page.

Before you invest using a Managed Model that can invest in managed funds, you must be given and read the current product disclosure statement for any managed funds that may be included in the Managed Model.

If you have appointed your adviser as your adviser representative in relation to your platform account, your adviser representative offers to act as your agent to receive on your behalf any documents relating to any of the assets acquired or held in your managed account and provide this information to you. We agree to ensure that your adviser representative (in their capacity as your agent) receives the current product disclosure statement for any managed funds included in your managed account before those managed funds are acquired for you. Your financial adviser should give you the current product disclosure statements for those managed funds.

Integrity Exclusive Investment Series Moderate Model

Managed Model Profile | Model code MACC000080

Model Manager	Zenith Investment Partners
Investment objective and timeframe	To outperform the Bloomberg AusBond Bank Bill Index by a minimum of 2.50% over an investment timeframe of 4 years.
Investment strategy and asset allocation ranges	<p>To invest in a diversified mix of Australian and global managed funds across a broad range of asset classes. The asset allocation is designed with a strong focus on downside protection, utilising the low correlation benefits of alternative funds and other niche asset classes as required. The allocation to growth asset classes may vary based on underlying asset allocation adjustments within the managed funds (e.g. some equities funds may have flexibility to increase their cash weighting to protect capital), but is expected to remain close to 40% through a full market cycle.</p> <p>The model invests a minimum of 45% in defensive assets.</p>

Asset class	Neutral allocation (%)	Maximum allocation (%)
Australian shares	15	30
Global shares	15	30
Australian property	2	15
Global property	2	15
Alternatives	6	20
Australian fixed interest	22.5	100
Global fixed interest	22.5	100
Cash	15	50
TOTAL	100	

Investment universe	The model invests in unlisted managed investment schemes (managed funds). The model will normally hold 15 to 25 managed funds. The list of managed funds that may currently be held in this model is available on our website at netwealth.com.au/integrity on the Managed Account Forms page.
Management fees ¹	0.386% p.a.
Indirect costs ¹	0.699% p.a.
Transaction and operational costs ¹	0.321% p.a.
Model Fee	0.165% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee).
Minimum investment amount	\$25,000

¹ We have estimated fees and costs that will apply for the current financial year. The cash fee (included in management fees), indirect costs and transaction and operational costs are estimated based on information available to us as at the date of this document. These estimates may have regard to the cash fee, indirect costs and transaction costs incurred in similar models available through other Netwealth products or services for the 12 months to 30 June 2019 where available. Where a suitable previous 12-month history is not available, the estimate of the cash fee, indirect costs and transaction costs may be based on shorter periods and extrapolated for 12 months. Future costs may differ from past costs.

Integrity Exclusive Investment Series Balanced Model

Managed Model Profile | Model code MACC000081

Model Manager	Zenith Investment Partners
Investment objective and timeframe	To outperform the Bloomberg AusBond Bank Bill Index by a minimum of 3.25% over an investment timeframe of 5 years.
Investment strategy and asset allocation ranges	<p>To invest in a diversified mix of Australian and global managed funds across a broad range of asset classes. The asset allocation is designed with a strong focus on downside protection, utilising the low correlation benefits of alternative funds and other niche asset classes as required. The allocation to growth asset classes may vary based on underlying asset allocation adjustments within the managed funds (e.g. some equities funds may have flexibility to increase their cash weighting to protect capital), but is expected to remain close to 60% through a full market cycle.</p> <p>The model invests a minimum of 25% in defensive assets.</p>

Asset class	Neutral allocation (%)	Maximum allocation (%)
Australian shares	22.5	40
Global shares	22.5	40
Australian property	3	20
Global property	3	20
Alternatives	9	25
Australian fixed interest	18.5	50
Global fixed interest	18.5	50
Cash	3	50
TOTAL	100	

Investment universe	The model invests in unlisted managed investment schemes (managed funds). The model will normally hold 15 to 25 managed funds. The list of managed funds that may currently be held in this model is available on our website at netwealth.com.au/integrity on the Managed Account Forms page.
Management fees ¹	0.207% p.a.
Indirect costs ¹	0.877% p.a.
Transaction and operational costs ¹	0.432% p.a.
Model Fee	0.165% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee).
Minimum investment amount	\$25,000

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Integrity Exclusive Investment Series Growth Model

Managed Model Profile | Model code MACC000082

Model Manager	Zenith Investment Partners
Investment objective and timeframe	To outperform the Bloomberg AusBond Bank Bill Index by a minimum of 4% over an investment timeframe of 7 years.
Investment strategy and asset allocation ranges	<p>To invest in a diversified mix of Australian and global managed funds across a broad range of asset classes. The asset allocation is designed with a strong focus on downside protection, utilising the low correlation benefits of alternative funds and other niche asset classes as required. The allocation to growth asset classes may vary based on underlying asset allocation adjustments within the managed funds (e.g. some equities funds may have flexibility to increase their cash weighting to protect capital), but is expected to remain close to 80% through a full market cycle.</p> <p>The model invests a minimum of 5% in defensive assets.</p>

Asset class	Neutral allocation (%)	Maximum allocation (%)
Australian shares	30	45
Global shares	30	45
Australian property	4	20
Global property	4	20
Alternatives	12	30
Australian fixed interest	8.5	25
Global fixed interest	8.5	25
Cash	3	50
TOTAL	100	

Investment universe	The model invests in unlisted managed investment schemes (managed funds). The model will normally hold 15 to 25 managed funds. The list of managed funds that may currently be held in this model is available on our website at netwealth.com.au/integrity on the Managed Account Forms page.
Management fees ¹	0.207% p.a.
Indirect costs ¹	0.963% p.a.
Transaction and operational costs ¹	0.515% p.a.
Model Fee	0.165% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee).
Minimum investment amount	\$25,000

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Integrity Exclusive Investment Series High Growth Model

Managed Model Profile | Model code MACC000083

Model Manager	Zenith Investment Partners
Investment objective and timeframe	To outperform the Bloomberg AusBond Bank Bill Index by a minimum of 4.75% over an investment timeframe of 7 years.
Investment strategy and asset allocation ranges	<p>To invest in a diversified mix of Australian and global managed funds across a broad range of asset classes. The asset allocation is designed with a strong focus on downside protection, utilising the low correlation benefits of alternative funds and other niche asset classes as required. The allocation to growth asset classes may vary based on underlying asset allocation adjustments within the managed funds (e.g. some equities funds may have flexibility to increase their cash weighting to protect capital), but is expected to remain close to 100% through a full market cycle.</p> <p>The model invests a minimum of 2% in defensive assets.</p>

Asset class	Neutral allocation (%)	Maximum allocation (%)
Australian shares	36	50
Global shares	36	50
Australian property	5	20
Global property	5	20
Alternatives	15	30
Cash	3	50
TOTAL	100	

Investment universe	The model invests in unlisted managed investment schemes (managed funds). The model will normally hold 15 to 25 managed funds. The list of managed funds that may currently be held in this model is available on our website at netwealth.com.au/integrity on the Managed Account Forms page.
Management fees ¹	0.209% p.a.
Indirect costs ¹	1.050% p.a.
Transaction and operational costs ¹	0.578% p.a.
Model Fee	0.165% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee).
Minimum investment amount	\$25,000

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Integrity Exclusive Investment Series Moderate (Enhanced Income) Model

Managed Model Profile | Model code MACC000084

Model Manager	Zenith Investment Partners
Investment objective and timeframe	To outperform the Bloomberg AusBond Bank Bill Index by a minimum of 2.50% over an investment timeframe of 4 years.
Investment strategy and asset allocation ranges	<p>To invest in a diversified mix of Australian and global managed funds across a broad range of asset classes. The asset allocation is designed with a strong focus on downside protection, utilising the low correlation benefits of alternative funds and other niche asset classes as required. The allocation to growth asset classes may vary based on underlying asset allocation adjustments within the managed funds (e.g. some equities funds may have flexibility to increase their cash weighting to protect capital), but is expected to remain close to 40% through a full market cycle.</p> <p>The model invests a minimum of 45% in defensive assets.</p>

Asset class	Neutral allocation (%)	Maximum allocation (%)
Australian shares	15	30
Global shares	15	30
Australian property	2	15
Global property	2	15
Alternatives	6	20
Australian fixed interest	22.5	100
Global fixed interest	22.5	100
Cash	15	50
TOTAL	100	

Investment universe	The model invests in unlisted managed investment schemes (managed funds). The model will normally hold 15 to 25 managed funds. The list of managed funds that may currently be held in this model is available on our website at netwealth.com.au/integrity on the Managed Account Forms page.
Management fees ¹	0.386% p.a.
Indirect costs ¹	0.723% p.a.
Transaction and operational costs ¹	0.270% p.a.
Model Fee	0.165% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee).
Minimum investment amount	\$25,000

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Integrity Exclusive Investment Series Balanced (Enhanced Income) Model

Managed Model Profile | Model code MACC000085

Model Manager	Zenith Investment Partners
Investment objective and timeframe	To outperform the Bloomberg AusBond Bank Bill Index by a minimum of 3.25% over an investment timeframe of 5 years.
Investment strategy and asset allocation ranges	<p>To invest in a diversified mix of Australian and global managed funds across a broad range of asset classes. The asset allocation is designed with a strong focus on downside protection, utilising the low correlation benefits of alternative funds and other niche asset classes as required. The allocation to growth asset classes may vary based on underlying asset allocation adjustments within the managed funds (e.g. some equities funds may have flexibility to increase their cash weighting to protect capital), but is expected to remain close to 60% through a full market cycle.</p> <p>The model invests a minimum of 25% in defensive assets.</p>

Asset class	Neutral allocation (%)	Maximum allocation (%)
Australian shares	22.5	40
Global shares	22.5	40
Australian property	3	20
Global property	3	20
Alternatives	9	25
Australian fixed interest	18.5	50
Global fixed interest	18.5	50
Cash	3	50
TOTAL	100	

Investment universe	The model invests in unlisted managed investment schemes (managed funds). The model will normally hold 15 to 25 managed funds. The list of managed funds that may currently be held in this model is available on our website at netwealth.com.au/integrity on the Managed Account Forms page.
Management fees ¹	0.206% p.a.
Indirect costs ¹	0.910% p.a.
Transaction and operational costs ¹	0.360% p.a.
Model Fee	0.165% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee).
Minimum investment amount	\$25,000

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Integrity Exclusive Investment Series Growth (Enhanced Income) Model

Managed Model Profile | Model code MACC000086

Model Manager	Zenith Investment Partners
Investment objective and timeframe	To outperform the Bloomberg AusBond Bank Bill Index by a minimum of 4% over an investment timeframe of 7 years.
Investment strategy and asset allocation ranges	<p>To invest in a diversified mix of Australian and global managed funds across a broad range of asset classes. The asset allocation is designed with a strong focus on downside protection, utilising the low correlation benefits of alternative funds and other niche asset classes as required. The allocation to growth asset classes may vary based on underlying asset allocation adjustments within the managed funds (e.g. some equities funds may have flexibility to increase their cash weighting to protect capital), but is expected to remain close to 80% through a full market cycle.</p> <p>The model invests a minimum of 5% in defensive assets.</p>

Asset class	Neutral allocation (%)	Maximum allocation (%)
Australian shares	30	45
Global shares	30	45
Australian property	4	20
Global property	4	20
Alternatives	12	30
Australian fixed interest	8.5	25
Global fixed interest	8.5	25
Cash	3	50
TOTAL	100	

Investment universe	The model invests in unlisted managed investment schemes (managed funds). The model will normally hold 15 to 25 managed funds. The list of managed funds that may currently be held in this model is available on our website at netwealth.com.au/integrity on the Managed Account Forms page.
Management fees ¹	0.205% p.a.
Indirect costs ¹	1.034% p.a.
Transaction and operational costs ¹	0.414% p.a.
Model Fee	0.165% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee).
Minimum investment amount	\$25,000

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