

Managed Portfolios Guide

Setting up your Managed Portfolio

How to invest in the Auxilium Managed Portfolio Service

The Auxilium Managed Portfolio Service is only available via the Auxilium investment Service or the Auxilium Superannuation Service or other approved platform service ('Service'). If you do not have an existing account, you need to open an account first.

To do this you need to obtain and read the appropriate disclosure documents and complete the relevant application forms. Your Financial Planner will provide you with the documents and will assist you with this process.

The Managed Portfolio Service is an available investment option that can only be accessed through your Service.

You can select one or more Managed Portfolios ('Portfolios') when you complete your platform account application or, if you already have a platform account, your Financial Planner can select portfolios on your behalf. When you select a Portfolio you are instructing us, as the platform operator, to acquire an interest in the Managed Portfolio Service on your behalf.

Each portfolio has a minimum investment amount. This minimum differs depending on the Portfolio and is set out in the relevant Managed Portfolio Profile Additional Information - Investment booklet and Research Notes. The minimum for each model will generally start at \$50,000 and additional investments of \$5,000 are required.

How to provide instructions for your Managed Portfolio

You can only invest in the Auxilium Managed Portfolio through an account you hold in an approved Service. Your Financial Planner will assist you with your investment into the Auxilium Managed Portfolio.

In this Guide any reference to an instruction provided by you to us in relation to your Portfolio means an instruction you provide to Auxilium as operator of the platform service to implement in relation to your Portfolio.

How is your Auxilium Managed Portfolio established?

When you choose Portfolios, you must specify an initial amount to be allocated to each Portfolio. Once funds are transferred into your Portfolio and any investment transfers are completed your investments will be rebalanced and any purchases or sales will be executed.

The investments held in your Portfolio may differ from the initial allocation and investments in your chosen Portfolios. There are a number of reasons for this, including:

- your Portfolio will include a minimum amount of cash and is subject to minimum transaction amounts.
- there is a minimum holding size in each investment;
- there is a minimum trade size for each transaction;
- the actual value or price at which investments are traded may not be equal to the value or price used to calculate your investment allocation; and
- we cannot acquire partial units in certain investments, (for example ASX listed or international securities) and the amount allocated to an investment will not be exact and any excess will be held in cash.

When you invest in the Portfolio you should consider the number of investments that may be held in the portfolio you choose and the possible size of holdings in any one investment.

Smaller allocations to a Portfolio may result in holdings or trades in an investment that would otherwise be less than the minimums and which may not be implemented. This may result in differences between the investment holdings in your Portfolio and the allocation to investments in your chosen Portfolio. Overtime this will result in differences in the performance of your Portfolio.

Managed portfolio cash account

Your Portfolio will include an allocation to cash to provide for short term liquidity requirements and to create a buffer for rebalancing your Portfolio. We have discretion to set the minimum allocation to cash, and this is currently set at up to 2% of the value of your Portfolio. A managed portfolio manager may retain additional funds in cash as part of their investment allocation.

The amount of cash held in your Portfolio cash account may be more than the minimum allocation set by us where cash is included in a model and/or where there are pending transactions that have not been completed. The allocation to cash for your Portfolio does not form part of your platform account cash

account, and cash held in your Portfolio account (Portfolio Cash) is not included in meeting the minimum cash requirement for your platform account. You can transfer funds out of your Portfolio Cash account by instructing us. Any movement of cash out of your Portfolio may result in the reweighting of investment across your Portfolio.

The list of Portfolios available for investment are listed in the Portfolio Service Menu which is available by contacting Auxilium or your Financial Planner.

The following diagram shows how your Portfolio works. It assumes you have chosen to invest in three different models within your Portfolio.

Operating your managed portfolio account

Transacting

Minimum initial investment amount

Each Portfolio has a minimum investment amount. When you select one or more Portfolios, you must ensure that each Portfolio meets the minimum.

The minimum investment amount may vary between Portfolios and is set taking into consideration the investment strategy and the number and type of investments to be held in the Portfolio.

There may be circumstances where investing the minimum may not be sufficient for you to acquire every investment in a Portfolio. This may result in holdings in an investment that would be less than the minimum holding size, which may not be implemented. Your Portfolio overtime will therefore not reflect the standard portfolio and may result in differences in the performance of your Portfolio compared to the portfolio overtime.

You cannot make withdrawals from your Portfolio service that result in the total value being below the minimum unless you withdraw from the portfolio completely.

If the value of your allocation to a portfolio falls below the minimum investment amount due to market movements your investments may be sold and the funds held in cash. Your funds may then be rebalanced in accordance with your other Portfolios. When no other models are held your Portfolio may be closed and funds will be transferred to your platform account.

Minimum additional investments

You may add additional amounts to the investments in your Portfolio of at least \$5,000.

Transferring investments into your managed portfolio

You can transfer existing investments held in your platform account into your Portfolio.

When transferring one or more investments into your Portfolio, once the transfer is complete, any investment that you have transferred into your Portfolio will be rebalanced. There may be taxation consequences when the investments are rebalanced.

If the value of that investment is different from the standard portfolio allocation, then the investment will be traded to reflect the allocation to that investment in the models.

If you hold investments in your name or with another provider, you can transfer these investments into your platform account and then these can be transferred into your Portfolio. The transfer into your platform account is subject to the rules and minimums stipulated in the disclosure document for the relevant platform.

Withdrawing cash from your Managed Portfolio Service

You can instruct Auxilium to withdraw funds at any time from the investments in your Portfolio subject to a minimum of \$5,000. You must also continue to meet the minimum for each portfolio in your Portfolio. Cash withdrawals from a model are transferred into your platform cash account.

Transferring investments out of your Portfolio

You may be able to transfer investments out of your Portfolio into your platform account without the investment being sold. Your Financial Planner can assist you with this process. Transferring investments out of your Portfolio may result in a rebalance of all holdings in your Portfolio.

You can only transfer investments from you Portfolio to your platform account where the investment is an allowable investment in your platform account. The minimum value of an investment transfer out of your Portfolio is \$2,000 for each investment transferred. If the holding of the investment is less than \$2,000 then the entire holding must be transferred.

Changing your Portfolio

You can change your allocation to a selected portfolio at any time. Your Financial Planner will assist you with this process. All changes to your Portfolios are subject to the transaction minimums noted in the model disclosure documents.

Rebalancing your managed portfolio

We review the investments held in your Portfolio against your chosen portfolios and, if the actual holdings in your Portfolio do not align with the manager allocation your Portfolio may be rebalanced.

This review occurs at least monthly and generally occurs every week day, unless the rebalance has been suspended as described below. A rebalance may not occur every time we review your Portfolio. A rebalance occurs if there have been changes to your chosen portfolios by the Portfolio Manager or you have made changes to your managed portfolio service.

A rebalance may also occur if there has been income paid from any investments in your Portfolio

For example, a rebalance may occur if a Portfolio Manager has made an investment decision that changes the investments that applies to your Portfolio. A rebalance may also occur if you have transacted on your platform account, by adding to, withdrawing from or switching between portfolios or by transferring investments to or from your Portfolio from your platform account.

Where the only investments in your Portfolio are ASX listed securities, a rebalance is normally completed within 48 hours. Where you have international securities or managed funds in your managed account, the rebalance may take a number of days depending on the underlying investments being traded. There may be delays in receiving confirmation of the details of any investment being traded.

Where a delay in trading a particular investment causes a delay to the rebalance process we may in consultation with the portfolio manager exclude that particular investment from the rebalance process.

If a rebalance requires a trade of less than the minimum trade size, then this trade generally does not occur. If a rebalance results in an existing investment holding being less than the minimum holding size, then generally the investment is either held at the minimum or it may be sold down entirely.

If a rebalance requires the acquisition of a new investment and this would otherwise result in a holding of less than the minimum holding size, then that investment may not be acquired. If a trade in a particular investment does not occur as a result of these restrictions, then the allocation to other investments (including cash) may be adjusted.

Sometimes market conditions may mean that we are not able to transact all trades required for the rebalance. In these circumstances there may be trades or holdings in your managed account of less than the minimum and a further rebalance may be required when we next review your Portfolio.

The price at which ASX and international listed securities are traded in your Portfolios is the average price obtained by us for the type of trade (buy or sell) performed on the day the trade occurs. The price at which managed fund units within your managed account are bought or redeemed is the price set by the fund manager for the business day on which the purchase or sale occurs.

Although we regularly review your Portfolio as described above, your Portfolio is not kept under constant review. Our review and rebalancing does not prevent your Portfolio from being impacted by sudden changes in the value of an investment or general movements in investment markets.

We recommend that you seek ongoing professional advice from your Financial Planner to ensure that your goals and objectives are reviewed on an ongoing basis.

We may suspend the rebalance process at any time where we believe that it is in the interests of investors. A suspension may apply to your entire managed portfolio or to certain investments within your Portfolio.

The rebalance process for your Portfolio may also be suspended when there are outstanding activities like corporate actions in your Portfolio. Where there are outstanding corporate actions we may in consultation with the Portfolio Manager, recommence rebalances, excluding that particular investment.

If rebalances are suspended, the investment management fee described in the PDS continues to apply based on your current model allocation and the value of your managed account on each day.

Minimum holding size

The minimum holding for any investment in your managed account is \$500. Where there is insufficient funds to meet the minimum additional funds may be held in cash and may impact the ongoing performance of your Portfolio.

Minimum Trades Size

The minimum size of any trade in your managed account is \$500. We do not generally trade an investment where the value of the transaction is projected to be less than the minimum trade size, except where your total investment is less than the minimum trade size and the entire investment is sold.

Income Distributions

All income will be paid into your Portfolio cash account. The income received will impact the rebalancing of your Portfolio. Income from investments held in the portfolio accumulates in your Portfolio in the form of cash and the allocation to cash in the portfolio is increased. The income remains as cash until the Portfolio Manager alters the allocation to investments held in the portfolio.

You can request the transfer of cash out of your Portfolio cash account at any time. This may result in a reweight of your Portfolio.

Can you change the investments in your managed portfolio?

You can change the amount held in particular portfolio in conjunction with your Financial Planner.

You cannot provide any other investment instructions regarding particular investments held in your Portfolio. You cannot tell us to buy or sell a particular investment in your managed account.

Communication about your platform account

If you have Auxilium Online access, you can access information about your transactions in your online platform account, including any transactions related to your Portfolio. The disclosure document for your platform account explains how we communicate with you about your platform account and the reports and statements you are sent or have access to in your online platform account. Information about the investments you hold in your managed portfolio is included in these communications and you do not receive separate communications about the Managed Portfolio investments.

Corporate actions and voting rights

There is no obligation on us to vote, exercise any right, or participate in any schemes, proposals or corporate actions (such as rights issues, takeovers or restructures) on managed funds or listed securities in your account.

Decisions about all corporate actions applying to any investments held in your managed account are made by the investment manager and the outcomes are applied to your models accordingly.

Our role as the responsible entity

The Auxilium Managed Portfolio Service (through the Fiducian SMA Fund ARSN 633 605 026) is a registered managed investment scheme operated by us in accordance with a constitution dated 14 May 2019 as amended from time to time ('the constitution'). You may obtain a copy of the constitution free of charge by contacting Auxilium Client Services on 1800 653 263

We in our capacity as responsible entity of the Auxilium Managed Portfolio Service, manage the investments in your Portfolio in accordance with the investment strategy of your chosen portfolios. In our capacity, as responsible entity of the Managed Portfolio Service, we:

- determine the portfolios to be made available in the Managed Portfolio Service and appoint a Portfolio Manager for each portfolio (or we may perform the role ourselves);
- regularly review the investments in your Portfolio to identify whether a rebalance is required;
- implement the rebalances in your Portfolio in accordance with the instructions provided by the Portfolio Manager; and
- monitor and supervise the performance of Portfolio Managers and, for each portfolio to ensure compliance with the investment mandate for that portfolio.

As the responsible entity of the Managed Portfolio Service:

- we seek to implement the advice provided by the Portfolio Manager in a timely and efficient way;
- we review decisions of the Portfolio Manager to ensure they are consistent with the investment mandate of the relevant portfolio, although it is Portfolio Manager, who makes decisions as to what investments are bought, held or sold in the models they manage
- we may choose not to implement the advice provided by the Portfolio Manager 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 relevant model; and
- we have certain duties under the Corporations Act 2001 and the constitution for the Managed Account, including the following:
 - we must act honestly and with reasonable care and diligence in performing our duties as responsible entity;
 - if another party (including a Portfolio Manager) carries out functions for us, we must pay any compensation arising out of acts of the agents engaged by it;
 - we must generally act in accordance with your instructions; and
 - we must keep your investments separately identified as far as practicable in our own records.
- We are not liable to you for any loss suffered in any way relating to the Managed Portfolio, except to the extent that the Corporations Act imposes such liability

As the responsible entity of the Managed Portfolio Service, we are entitled to be indemnified out of the relevant investments in your managed portfolio for any liability, loss, claim, demand and cost incurred by us or our agents or our delegate in properly performing or exercising any of our powers or duties in relation to the Managed Portfolio for you.

The role of the Portfolio Manager

The portfolios are made available by us as the responsible entity of the Auxilium Managed Portfolio Service. Each portfolio has a Portfolio Manager who determines the investments of the portfolio. Auxilium may in some circumstances act as the Portfolio Manager or we may appoint another Portfolio Manager to act as the Portfolio Manager. If another Model Manager is appointed, the role of the Portfolio Manager includes:

- providing advice to us regarding the investment objectives and strategy of the portfolio;
- providing advice to us regarding the investments to be held in the portfolio;
- making changes to the investments to be held in the portfolio and providing us with advice as to any changes made in order to allow us to rebalance the investments held in your managed portfolio; and
- providing regular reports to us regarding the investments, the investment strategy and investment performance of the model.

The Portfolio Manager must exercise due diligence and vigilance in carrying out their role.

Closure of Portfolios and removal of Portfolio Managers

We may close a portfolio or remove a Portfolio Manager, without prior notice at our discretion. If you have investments in a portfolio that is closed, upon closure we will seek instructions from you regarding those investments. You can instruct us to transfer them to another portfolio or transfer them from your managed portfolio service account to your platform account or dispose of them.

Risks

Non investment related risks

Operational & Transaction Risk

Delays in buying and selling investments may occur if a transaction request is not fully completed or signed. In addition, system failures may cause delays in processing transactions and reporting on your account.

Agent Risk

There are risks of using an agent to transact on your behalf. You will be responsible for all acts and omissions of your agent where you have authorised them to act on your behalf.

Legal & Regulatory Risk

There is a risk that laws (including taxation laws and legislation governing the operation of the Service) may change in the future and may adversely affect your investment.

Custodian Risk

Investments in the Service are held in the name of the Custodian or Sub-Custodian. This means that there is a risk that a Custodian or Sub-Custodian fails to adequately segregate property for the benefit of the investor.

Investment related risks

Investment Risk

The value of investments is likely to be affected by a wide range of variable factors, which include economic influences such as economic growth in the domestic Australian economy and the major international and emerging economies, the movement of interest rates and inflation, the level of consumer and investor confidence, exchange rate movements, monetary and fiscal policy initiatives, corporate profitability and individual investment manager decision making.

Market Risk

Market risk is essentially the risk of adverse market movement in any of the underlying markets in which an investment is held. Market risk can be driven by various factors including economic fundamental, and political or legislative developments.

Interest Rate Risk

Changes in interest rates can have a negative or positive impact either directly or indirectly on investment value or returns of all types of assets.

Security Specific Risk

Individual securities such as company shares, corporate bonds or even Government Bonds may be affected by changes in management practices, business activities or Government policies.

Currency Risk

Investment in international assets implies that there is risk of the Australian Dollar value of investments rising or falling due to exchange rate movements. This may adversely or positively affect your investments.

Fund Manager Risk

Potential risks to fund managers include that key individual managers or analysts could leave their employer or that fees and expenses could rise.

Managed Portfolios May be Closed

Managed Portfolio options that are not receiving sufficient inflows may be closed to new investments or possibly terminated.

Liquidity Risk

An underlying investment may become illiquid and affect an investor's ability to sell that investment at a particular time.

Gearing Risk

If an investor borrows to invest, this may magnify the effect of gains and losses on an investment portfolio. Investors should discuss this risk with their Financial Planner.

Taxation Risk

Any investment decision will have tax consequences and may also have social security and stamp duty consequences, depending on your individual circumstances. Generally, each financial year you are liable to pay tax on any capital gains arising upon disposal of your investment, interest, distributions, dividends or other income from your investments (even if reinvested). You may be entitled to some rebates or tax credits. You should seek appropriate advice before you transact in any assets.

General information only

The information contained in this document is general information only and does not constitute personal advice. It does not take into account your objectives, financial situation or needs. You should read this Guide and the PDS and Target Market Determination (TMD) of the Auxilium Managed Portfolio Service carefully and assess whether the product is appropriate for you. You should consider talking to a Financial Planner before making an investment decision.