Where are you now

Our advice is based on the information you provided to us and our understanding of your situation. Please review this information carefully to ensure the details are accurate.

|  |  |
| --- | --- |
|  | **Test** |
| **Given Name** | Test |
| **Family Name** | Client1 |
| **Date of birth** | 10/10/2018 |
| **Date of birth** | Single |
| **Occupation** |  |
| **Employment Status** | Employed |
| **Health** |  |
| **Smoker** |  |
| **Will** |  |
| **Power of Attorney** |  |

**Children and dependants**

|  |  |  |
| --- | --- | --- |
| **Name** | **Age** | **Financial dependant** |
|  |  |  |

**Your income and expenses**

|  |  |  |
| --- | --- | --- |
| **Income** | **Owner** | **Annual Amount ($)** |
| **Total** |  | **0** |

|  |  |  |
| --- | --- | --- |
| **Expenses** | **Owner** | **Annual Amount ($)** |
| **Total** |  | **0** |

**Your personal assets**

|  |  |  |
| --- | --- | --- |
| **Description** | **Owner** | **Amount ($)** |
| **Total** |  | **0** |

**Your investment portfolio assets**

|  |  |
| --- | --- |
| **Test Investments** | **Current Balance ($)** |
| **MyNorth** |  |
| North Professional Balanced | 20,000 |
| **Sub Total** | **20,000** |
| **MyNorth** |  |
| North Professional Balanced | 20,000 |
| **Sub Total** | **20,000** |
| **Total (Test)** | **40,000** |

Your Risk Profile

An important part of developing your investment strategy involves determining your attitude to risk and the level you are prepared to accept to achieve investment returns.

Risk and return are closely related. In general, the higher the degree of risk associated with an investment, the higher the rate of return an investor would expect to receive for taking on that level of risk. This is the risk/return trade-off, and is part of the process in selecting an appropriate asset allocation and specific investments for your portfolio.

Based on the results of our questionnaire and our further discussions we have agreed that you would be comfortable with the risk profile shown below. If you do not feel that the description accurately reflects your attitude to risk and return, please let us know as our recommendations may not be appropriate for your needs.

[Change due to CIO update] Note: Our research team recently reviewed the descriptions, asset allocations and acceptable tolerance ranges of our risk profiles. As an outcome of this review, your risk profile category has changed to the following. This change does not constitute a change in our overall view of your risk tolerance or return expectations, but rather it reflects our research team’s update of the risk profile we have recommended to you.

|  |  |
| --- | --- |
|  | **Risk Profile** |
| **Test** | Preservation |

|  |  |
| --- | --- |
| The investment objective of a **Preservation Investor** is to maintain the current value of your investments above all other considerations. Preservation investors seek security above all else or need most of their money within a short timeframe, and they are prepared to accept low overall returns in exchange for this security. A Preservation portfolio looks to invest the majority in liquid defensive assets (e.g. cash and fixed income). This is generally a 100% cash portfolio. Such a portfolio is suitable for investors with a short term investment time frame, typically less than 2 years. |  |

|  |  |
| --- | --- |
| Investment  recommendations |  |
|  |  |

We use a dedicated research team and software to consider the suitability and appropriateness of products and strategies for your personal circumstances.

Our research includes an analysis of a fund’s asset allocation, strength and resources of underlying investment managers.

**Recommended portfolio**

The following table outlines our recommendations for your investment portfolio. This table may include other existing investments or products you hold which we have not addressed as part of our advice.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current ($)** | **Change ($)** | **Proposed ($)** |
| **Client1 , Test** |  |  |  |
| **MyNorth** |  |  |  |
| North Professional Balanced | 20,000 | -20,000 | 0 |
| North Professional Growth | 0 | 10,000 | 10,000 |
| **Sub Total** | **$20,000** | **$-10,000** | **$10,000** |
| **FirstChoice Wholesale Investments** |  |  |  |
| FirstChoice WS Defensive | 0 | 10,000 | 10,000 |
| **Sub Total** | **$0** | **$10,000** | **$10,000** |
| **Total for Client1 , Test** | **$20,000** | **$0** | **$20,000** |

**Proposed asset allocation**

The following chart provides an illustration of your asset allocation after the recommended changes to your portfolio are implemented.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Asset Class** | **Current Weight** | **Target Weight** | **Proposed Weight** | **Variance** |
| **Defensive Assets** |
| Defensive Alternatives | 0.00% | 0.00% | 0.00% | 0.00% |
| Domestic Cash | 14.61% | 100.00% | 18.19% | -81.81% |
| Domestic Fixed Interest | 4.68% | 0.00% | 4.24% | 4.24% |
| International Cash | 0.00% | 0.00% | 0.00% | 0.00% |
| International Fixed Interest | 5.86% | 0.00% | 11.07% | 11.07% |
| **Total Defensive** | **25.15%** | **100.00%** | **33.50%** |  |
| **Growth Assets** |
| Growth Alternatives | 0.00% | 0.00% | 0.00% | 0.00% |
| Domestic Equity | 27.83% | 0.00% | 25.20% | 25.20% |
| Domestic Property | 0.00% | 0.00% | 0.00% | 0.00% |
| International Equity | 28.40% | 0.00% | 30.57% | 30.57% |
| International Property | 0.00% | 0.00% | 0.00% | 0.00% |
| Other Growth | 14.33% | 0.00% | 11.68% | 11.68% |
| **Total Growth** | **70.56%** | **0.00%** | **67.45%** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Asset Class** | **Current Weight** | **Proposed Weight** | **Target Min** | **Target Max** |
| **Defensive Assets** |
| Defensive Alternatives | 0.00% | 0.00% | 0.00% | 0.00% |
| Domestic Cash | 14.61% | 18.19% | 80.00% | 100.00% |
| Domestic Fixed Interest | 4.68% | 4.24% | 0.00% | 0.00% |
| International Cash | 0.00% | 0.00% | 0.00% | 0.00% |
| International Fixed Interest | 5.86% | 11.07% | 0.00% | 0.00% |
| **Total Defensive** | **25.15%** | **33.50%** |  |  |
| **Growth Assets** |
| Growth Alternatives | 0.00% | 0.00% | 0.00% | 0.00% |
| Domestic Equity | 27.83% | 25.20% | 0.00% | 5.00% |
| Domestic Property | 0.00% | 0.00% | 0.00% | 5.00% |
| International Equity | 28.40% | 30.57% | 0.00% | 5.00% |
| International Property | 0.00% | 0.00% | 0.00% | 0.00% |
| Other Growth | 14.33% | 11.68% | 0.00% | 0.00% |
| **Total Growth** | **70.56%** | **67.45%** |  |  |

**Asset allocation commentary**

* The recommended portfolio has an overweight allocation to growth for your investor risk profile. This is due to your investment in the [recommended Name of Investment].
* Approximately 67% of the portfolio is allocated to **growth assets** (i.e. shares ) which provide potential for capital gains over the long-term. The remaining 33% is held in **defensive assets** (i.e. cash and fixed interest). As a guide, a Preservation investment portfolio would typically hold a maximum of 0 % in growth assets and a minimum of 90% in defensive assets.
* The proposed allocation of your investments does not align with some of our recommended minimum and maximum allocations; however, the overall growth vs defensive asset allocation is in line with your investor risk profile. Your allocation is [e.g. overweight in Domestic Fixed Interest, International Fixed Interest, Domestic Equity, International Equity, Other Growth, Total Growth while being underweight in Domestic Cash, Total Defensive [state reason for deviation]
* The proposed allocation of your investments deviates from your long-term strategic asset allocation due to the inclusion of the [Name of fund] in your portfolio. The manager of this fund has the ability to increase and decrease the level of risk within their portfolio, effectively varying the exposure to cash and growth assets held by the Fund. Although this results in the short to medium term deviation away from your strategic asset allocation, we believe that over the long term the manager's ability to vary the risk profile will add value to your overall portfolio.
* We note that your asset allocation shows an overweight allocation to ‘Global Fixed Income’ through your investments in [name of investments invested in global fixed income]. These funds provide exposure to an actively managed portfolio of fixed income and credit securities across Australian and global markets. This means that from time to time, your portfolio may have varying allocation to ‘Domestic Fixed Income’ and ‘Global Fixed Income’ depending on market opportunities and the allowable mandate for each fund. We believe the spread across security types and geographical locations provide enhanced diversification within your fixed income portfolio. Regardless of geographical allocation, these funds are typically managed with reference to a widely accepted traditional fixed interest market benchmark. Therefore, these funds are typically categorised as defensive fixed income funds. In light of this, we are comfortable with the overweight allocation to global fixed income within your portfolio.
* Your portfolio currently has some exposure to ‘Other Growth’ which forms part of your overall growth allocation. The ‘Other Growth’ exposure relates to underlying securities that are outside of traditional growth assets such as shares and properties. The inclusion of other growth assets can enhance portfolio diversification and smooth out investment returns over market cycles, when used alongside a traditional allocation to bonds and equities. The use of growth assets can also reduce reliance on equities as the primary (or sole) driver of long term returns above inflation. As such, we are comfortable with your portfolio’s allocation to ‘Other Growth’ assets.

Replacement of product

We have recommended replacing your existing products. The tables below show the costs of your current products and what costs will apply in our recommended products, based on our research.

**Comparison costs for Test**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Existing** | **Existing** | **Proposed** | **Proposed** | **Alternatives for FirstChoice Wholesale Investments** | **Alternatives for FirstChoice Wholesale Investments** |
| **Plan Costs** | **MyNorth** | **MyNorth** | **FirstChoice Wholesale Investments** | **MyNorth** | **Grow Wrap Super** | **AMP Growth Bond** |
| **Account Balance** | 20,000 | 20,000 | 10,000 | 12,000 | 200 | 200 |
| **Administration Fees** | 507  Fixed Fee | 507  Fixed Fee | 507  Fixed Fee | 507  Fixed Fee | 0  0.00% | 1,026  Fixed Fee |
| **Membership Fee** | 52  Fixed Fee | 52  Fixed Fee | 1,200  12.00% | 52  Fixed Fee | 0  0.00% | 0  0.00% |
| **Indirect Cost Ratio (ICR)** | 192  0.96% | 192  0.96% | 86  0.86% | 127  1.06% | 2  1.03% | 2  1.03% |
| **Insurance Premium** | 0  0.00% | 0  0.00% | 305  Fixed Fee | 0  0.00% | 0  0.00% | 0  0.00% |
| **ASX Share Trading** | 0  0.00% | 0  0.00% | 0  0.00% | 0  0.00% | 0  0.00% | 135  Fixed Fee |
| **Expense Recovery Fee** | 0  0.00% | 0  0.00% | 0  0.00% | 0  0.00% | 0  0.00% | 68  Fixed Fee |
| **Full Managed Investment Menu** | 0  0.00% | 0  0.00% | 0  0.00% | 0  0.00% | 0  0.00% | 189  Fixed Fee |
| *Less Total Rebates* | *0* | *0* | *0* | *0* | *0* | *0* |
| **Net Ongoing Costs (per annum)** | **911** | **911** | **2,158** | **785** | **2** | **1,623** |
| **Difference in ongoing costs** |  |  | **Additional $1,247** | **Less $126** | **Less $909** | **Additional $712** |

**Transaction costs**

The following table shows the transaction costs that may apply to replace your existing products with the recommended products. All costs are estimates which may vary at the time of implementation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Plan Costs** | **MyNorth** | **MyNorth** | **FirstChoice Wholesale Investments** | **MyNorth** |
| **Buy/Sell Costs** | 160 | 160 | 60 | 98 |
| **Brokerage Fee** | 0 | 0 | 0 | 0 |
| **Listed Securities Fees** | 0 | 0 | 0 | 0 |
| **Managed Funds Fee** | 0 | 0 | 0 | 0 |

*\*The buy/sell spread is the full buy/sell spread on the recommended investment purchases. It doesn’t include the sell spread for the recommended investment sales as this is typically already reflected in your current investment balance.*

Please note, effective 1 October 2017, ASIC Regulatory Guide 97 (RG97) has come into effect. The aim of the legislation to which RG97 relates is to drive greater consistency in how financial product providers disclose their fees. For many products, some of these costs were previously included in the unit price, or disclosed as alternative fee types. Due to the magnitude of this industry wide change, at the time of production of this Statement of Advice, the new fee breakdown for your existing fund may not have been provided to our approved investment research platform. As such, there may be a fee variation between what has been disclosed above and the new fee disclosure breakdown in your Product Disclosure Statement. Based on ASIC’s own assessment, they have found the average increase across all reported superannuation data to be 0.24%. For clients who hold default super funds, the average increase was about 0.23%. They have identified some cases where the increase was more than 1.00%. Whilst fees are an important consideration, you should consider the totality of our recommendations and how they align to your objectives.

Replacement of investment product

We have recommended replacing your existing products. The tables below show the costs of your current products and what costs will apply in our recommended products, based on our research.

**Comparison costs for Test - MyNorth**

|  |  |  |
| --- | --- | --- |
| **MyNorth** | **Existing** | **Proposed** |
| **Investment** | North Professional Balanced | North Professional Growth |
| **Amount** | 20,000 | 10,000 |
| **Product Fees** |  |  |
| **Administration Fees** | 507  Fixed Fee | 507  Fixed Fee |
| **Membership Fee** | 52  Fixed Fee | 52  Fixed Fee |
| **Indirect Cost Ratio (ICR)** | 192  0.96% | 106  1.06% |
| **Total Portfolio Fees** | **$911** | **$747** |
| **Total Portfolio Fees (%)** | 4.56% | 7.47% |
| **Difference in costs** |  | **Less $164** |

**Transaction costs**

The following table shows the transaction costs that may apply to replace your existing products with the recommended products. All costs are estimates which may vary at the time of implementation.

|  |  |  |
| --- | --- | --- |
| **Plan Costs** | **MyNorth** | **MyNorth** |
| **Buy/Sell Costs** | 160 | 82 |
| **Brokerage Fee** | 0 | 0 |
| **Listed Securities Fees** | 0 | 0 |
| **Managed Funds Fee** | 0 | 0 |

*\*The buy/sell spread is the full buy/sell spread on the recommended investment purchases. It doesn’t include the sell spread for the recommended investment sales as this is typically already reflected in your current investment balance.*

Please note, effective 1 October 2017, ASIC Regulatory Guide 97 (RG97) has come into effect. The aim of the legislation to which RG97 relates is to drive greater consistency in how financial product providers disclose their fees. For many products, some of these costs were previously included in the unit price, or disclosed as alternative fee types. Due to the magnitude of this industry wide change, at the time of production of this Statement of Advice, the new fee breakdown for your existing fund may not have been provided to our approved investment research platform. As such, there may be a fee variation between what has been disclosed above and the new fee disclosure breakdown in your Product Disclosure Statement. Based on ASIC’s own assessment, they have found the average increase across all reported superannuation data to be 0.24%. For clients who hold default super funds, the average increase was about 0.23%. They have identified some cases where the increase was more than 1.00%. Whilst fees are an important consideration, you should consider the totality of our recommendations and how they align to your objectives.

**Comparison costs for Test - MyNorth**

|  |  |  |  |
| --- | --- | --- | --- |
| **MyNorth** | **Existing** | **Existing** | **Proposed** |
| **Investment** | North Professional Balanced | North Professional Balanced | North Professional Growth |
| **Amount** | 20,000 | 20,000 | 8,000 |
| **Product Fees** |  |  |  |
| **Administration Fees** | 507  Fixed Fee | 507  Fixed Fee | 507  Fixed Fee |
| **Membership Fee** | 52  Fixed Fee | 52  Fixed Fee | 52  Fixed Fee |
| **Indirect Cost Ratio (ICR)** | 192  0.96% | 192  0.96% | 85  1.06% |
| **Total Portfolio Fees** | **$911** | **$911** | **$710** |
| **Total Portfolio Fees (%)** | 4.56% | 4.56% | 8.88% |
| **Difference in costs** |  |  | **Less $1,113** |

**Transaction costs**

The following table shows the transaction costs that may apply to replace your existing products with the recommended products. All costs are estimates which may vary at the time of implementation.

|  |  |  |  |
| --- | --- | --- | --- |
| **Plan Costs** | **MyNorth** | **MyNorth** | **MyNorth** |
| **Buy/Sell Costs** | 160 | 160 | 66 |
| **Brokerage Fee** | 0 | 0 | 0 |
| **Listed Securities Fees** | 0 | 0 | 0 |
| **Managed Funds Fee** | 0 | 0 | 0 |

*\*The buy/sell spread is the full buy/sell spread on the recommended investment purchases. It doesn’t include the sell spread for the recommended investment sales as this is typically already reflected in your current investment balance.*

Please note, effective 1 October 2017, ASIC Regulatory Guide 97 (RG97) has come into effect. The aim of the legislation to which RG97 relates is to drive greater consistency in how financial product providers disclose their fees. For many products, some of these costs were previously included in the unit price, or disclosed as alternative fee types. Due to the magnitude of this industry wide change, at the time of production of this Statement of Advice, the new fee breakdown for your existing fund may not have been provided to our approved investment research platform. As such, there may be a fee variation between what has been disclosed above and the new fee disclosure breakdown in your Product Disclosure Statement. Based on ASIC’s own assessment, they have found the average increase across all reported superannuation data to be 0.24%. For clients who hold default super funds, the average increase was about 0.23%. They have identified some cases where the increase was more than 1.00%. Whilst fees are an important consideration, you should consider the totality of our recommendations and how they align to your objectives.

Product Costs

Various costs are also payable to product and service providers to cover expenses associated with buying and administering the product. These costs are shown in the tables below. Any costs based on a percentage may vary over time and, as such, the dollar amounts shown below should only be used as a guide.

We have provided an overview of the key product costs associated with our advice. It is important that you read the relevant Product Disclosure Statement to understand the full list of costs, how these costs are calculated and any special rules that apply.

|  |  |  |
| --- | --- | --- |
| **Ongoing Product Costs** | **Amount (%)** | **Amount ($)** |
| **FirstChoice Wholesale Investments** |  |  |
| Administration Fees | Fixed Fee | 507 |
| Membership Fee | 12.00% | 1,200 |
| Insurance Premium | Fixed Fee | 305 |
| Indirect Cost Ratio (ICR) | 0.86% | 86 |
| **MyNorth** |  |  |
| Administration Fees | Fixed Fee | 507 |
| Membership Fee | Fixed Fee | 52 |
| Indirect Cost Ratio (ICR) | 1.06% | 106 |
| **MyNorth** |  |  |
| Administration Fees | Fixed Fee | 507 |
| Membership Fee | Fixed Fee | 52 |
| Indirect Cost Ratio (ICR) | 1.06% | 127 |
| **MyNorth** |  |  |
| Administration Fees | Fixed Fee | 507 |
| Membership Fee | Fixed Fee | 52 |
| Indirect Cost Ratio (ICR) | 1.06% | 85 |
| **Total** |  | **$4,094** |

**Please note the following:**

* The **Indirect Cost Ratio (ICR)** measures the total indirect costs of managing an investment fund. It is an estimated cost which is subject to change, and which varies for different investments. The figure shown in the table above is an aggregate of your investment ICRs which is intended to provide you with a standardised way to measure and compare costs. A full breakdown of the ICRs that applies to each of your investments is contained in the relevant PDS.
* In addition to the above costs, a **buy/sell spread** may apply when units in a managed fund are purchased or sold. Typically, the buy/sell spread is 0.2% to 0.5% (e.g. on a purchase of $10,000 this may range from $20 to $50). This fee is reflected in the unit price of your investment.
* A **brokerage fee** equal to xx% of the trade value or a minimum of $xx is applicable.
* **E\*TRADE Brokerage Brokerage costs** of 0.11% will be charged for transacting listed securities within the E\*TRADE platform. Please refer to the Product Disclosure Statement for more details on transaction fees.
* **Voyage platform Brokerage costs** of 0.10% (minimum charge of $29 per trade) will be charged for transacting listed securities within the Voyage platform. Please refer to the Product Disclosure Statement for more details on transaction fees.
* Depending on your balance and the funds you are invested in, you may be entitled to rebates which reduce your ongoing fees. Please refer to the PDS for more information.