



# HNW AUSTRALIAN EQUITY FOR SUPER - MANAGED MODEL

## Direct share ownership

HNW Planning's **HNW Australian Equity for Super Managed Model** combines the benefits of owning shares with the convenience of an investment platform, and the guidance of a team of investment professionals.

Direct share ownership provides cost efficiency, access to entitlement offers, transparency, better understanding of your investments, the opportunity for improved tax management, and the ability for tailoring investment choices to your views and other benefits.

## How the Managed Model works

Your adviser recommends an initial portfolio. If appropriate, that portfolio may include the **HNW Australian Equity for Super Managed Model**.

A Managed Model is a means of controlling underlying investments much as a Managed Fund might do but without an additional layer of ownership.

HNW's head office engages Aberdeen Asset Management as its External Investment Consultant to advise it on an appropriate mix of direct shares. HNW instructs **netwealth** of that appropriate mix. Some practical adjustments for minimum cash requirements, rounding and minimum purchase values are then made by HNW and **netwealth** before **netwealth**'s stock-brokers transact on your behalf.

Your adviser lets you know when and why the changes are made to the share portfolio (Note, this functionality can be switched off). You may also ask your adviser to:

- Permanently exclude one or more stocks from consideration (e.g. due to ethical filters, personal preferences etc.),
- Substitute one stock for another,
- Add to or take out cash from time to time or regularly as pre-arranged, and/or
- Transfer direct shares in or out from time to time.

## Setting up the Managed Model

### ESTABLISHING ACCESS TO NETWEALTH

If you agree to the recommendations provided via a Statement of Advice by your adviser, you'll complete an application to establish an account with **netwealth**.

### SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

You'll also be asked to complete a Supplementary Product Disclosure Statement that describes the Managed Models generally and the **HNW Australian Equity for Super Managed Model** in particular.

## Key Features

- ⊙ Tax effective strategy.
- ⊙ Regular income and potential for long term capital growth.
- ⊙ Concentrated portfolio of 20-40 stocks.
- ⊙ Guided by an experienced Australian equities investment team.
- ⊙ Minimum investment of \$25,000.

## DIRECTING INVESTMENTS TO THE MANAGED MODEL

You and your adviser will agree on an appropriate allocation to the Managed Model. Your adviser will then implement your instruction and review that allocation as appropriate.

## Ongoing reviews of your Managed Model

HNW Planning's Compliance and Investment Committee is the senior committee that oversees HNW's systems and processes. It appoints a "Sub-Committee" with 3 members and is responsible for reviewing the continued appropriateness of:

- Aberdeen Asset Management's Australian Equity Income Focus Portfolio
- Aberdeen Asset Management as the Asset Consultant

## Thresholds

Investments in any particular equity will be made when the amount allocated to that investment passes a \$200 threshold.

Changes in the number of any particular equity held can be made so long as a \$100 threshold is met.

Note, direct shares can only be transacted in whole numbers (i.e. not fractions of shares).

## Services & Reporting

- Regular statements from **netwealth**
- 24/7 online access via **netwealth**
- Adviser reviews as appropriate.

## Costs

HNW Managed Model (generic*)	1.00% pa
Aust' Equity for Super Rebate	(0.34% pa)
<b>netwealth</b>	0.10% pa
<b>To Arrive at Effective Cost</b>	<b>0.76% pa inclusive GST</b>

\*allows for expansion of offering in future

**Transaction costs are 0.15% inclusive GST**

# HNW AUSTRALIAN EQUITY FOR SUPER – MANAGED MODEL

## Features of the Managed Model’s Portfolio

HNW’s Australian Equity for Super Managed Model is guided by Aberdeen Asset Management’s Income Focus Portfolio. It accesses Aberdeen’s proven investment philosophy and approach to invest in a concentrated portfolio of around 20-40 companies that are listed on the Australian Securities Exchange (ASX) and have the potential for capital growth and increased earning potential.

### (a) Higher dividend yields

Dividend income that exceeds the dividend yield of the S&P/ASX 200 Index is aimed to be delivered by the Managed Model in any one financial year.

### (b) Regular income with tax-effective outcomes

The Managed Model considers companies with higher levels of franking credits and their potential to deliver a stable recurring income stream.

### (c) Income does not rely on using derivatives

HNW’s Australian Equity for Super Managed Model does not use derivatives such as call options to generate income, which means that there are no additional unintended risks, stock trades or tax consequences that can result from using derivatives.

### (d) Long term capital growth

The Managed Model will also look to invest to provide growth over the medium to long term.

Aberdeen’s equity managers seek to identify and guide investment into good quality Australian listed securities through first hand company visits.

### (e) Concentrated, Australian share portfolio

Between 20 to 40 Australian listed shares will be held in the Managed Model, and it aims to be fully-invested although up to 20% can be held in cash when considered appropriate.

HNW’s Australian Equity for Super Managed Model aims to benefit from Aberdeen’s stock selection and risk management skills in order to provide growth as well as income that is higher than the S&P/ASX 200 index in any one financial year.

## Strategy and Implementation Facts

<b>Designed for</b>	<ul style="list-style-type: none"> <li>Investors seeking a stable, tax efficient income stream with the potential for long term capital growth</li> <li>Investments made in low tax rate environments such as typically available through superannuation / pension</li> </ul>
<b>Investment objectives</b>	<ul style="list-style-type: none"> <li>Deliver dividend income that exceeds the dividend yield of the S&amp;P/ASX 200 Index in any one year</li> <li>Provide capital growth over the long term</li> <li>Outperform benchmark over rolling 5 year periods.</li> </ul>
<b>Benchmark</b>	<ul style="list-style-type: none"> <li>S&amp;P/ASX 200 Total Return (TR) Index</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Invest in a diversified portfolio of high quality Australian listed companies that have the potential to deliver a stable, tax-effective recurring income stream.</li> <li>Invest in companies identified as good quality Australian listed securities through first hand company visits carried out by Aberdeen.</li> <li>Consider companies with higher levels of franking credits to generate a dividend yield that is higher than the S&amp;P/ASX 200 index in any one financial year</li> </ul>
<b>Minimum suggested investment timeframe</b>	<ul style="list-style-type: none"> <li>5 years</li> </ul>
<b>Asset allocation ranges</b>	<ul style="list-style-type: none"> <li>Australian Shares: 80-100% (20-40 stocks)</li> <li>Cash 0-20% (aim to be fully invested in shares)</li> </ul>
<b>Eligible investments</b>	<ul style="list-style-type: none"> <li>Direct shares</li> <li>Cash and cash equivalents</li> </ul>
<b>Minimum initial investment amount</b>	<ul style="list-style-type: none"> <li>Depends on access method, refer to your adviser</li> </ul>

**Important note:** While every care has been taken in the preparation of this document, neither HNW Planning Pty Ltd (ABN 42 083 745 055) (AFSL 225216) nor Aberdeen Asset Management Ltd (ABN 59 002 123 364) (AFSL 240263) makes any representation or warranty as to the accuracy or completeness of any statement in it including, without limitation, any forecasts. Past performance is not a reliable indicator of future performance. This document has been prepared for the purpose of providing general information, without taking account of any particular investor’s objectives, financial situation or needs. An investor should, before making any investment decisions, consider the appropriateness of the information in this document, and obtain personal advice from a licensed professional, to consider the investor’s objectives, financial situation and needs. This document is solely for the use of the party to whom it is provided. Aberdeen Asset Management Limited (ABN 59 002 123 364 AFSL No. 240263) (“Aberdeen Asset Management”) is not acting in the capacity of investment adviser or portfolio manager to any client or prospective client of HNW Planning Pty Limited.