

PRODUCT DISCLOSURE STATEMENT

# FIDUCIAN SMA FUND

ARSN 633 605 026

1 SEPTEMBER 2020



This Product Disclosure Statement (PDS) provides a summary of significant information about the Fiducian SMA Fund ('Fund'). You should read and consider the information contained in the PDS before making a decision about this product. The information in this PDS is general information only and does not take into account your personal financial situation or needs. You should consult a licensed Financial Planner to obtain financial advice that is tailored to suit your personal circumstances.



**FIDUCIAN**  
INTEGRITY • TRUST • EXPERTISE

Responsible Entity for Fiducian Funds is Fiducian Investment Management Services Limited  
ABN 28 602 441 814 AFSL 468211  
Level 4, 1 York Street, Sydney, NSW 2000 Australia, GPO Box 4175, Sydney NSW 2001 Australia  
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## 1 ABOUT FIDUCIAN INVESTMENT MANAGEMENT SERVICES LIMITED

Fiducian Investment Management Services Limited (Fiducian, we, us, our) is the responsible entity of a suite of diversified, sector specific and specialist Funds, as well as a range of personal managed portfolios.

Fiducian is responsible for the operation and management of each of the funds. We may delegate some operational and management functions to third parties.

The Fiducian SMA Fund ('the Fund') offers a range of personal Managed Portfolios ('the Portfolios') in which you can invest in either shares (Imputation or Growth), Emerging Leaders, or Property Securities. Each portfolio is distinct with its own price history and return.

The Fund is suitable if you prefer to make investments in your own portfolio of listed shares or listed property securities, but also want the portfolio to be professionally managed.

Each of the Portfolios is managed and reviewed on a continuous basis by our investment team to ensure that they remain within the parameters of the style and securities they have been

designed for. Shares and property securities in the Portfolios are selected on the basis of internal research, stockbroker research and company presentations.

Fiducian is part of the Fiducian Group of companies, a specialist financial services organisation providing financial planning, funds management, investment platform administration, information technology and accounting/accountancy resourcing services.

There is more information that explains the Portfolios found at <https://www.fiducian.com.au/investments/managed-portfolios/> or ask your Financial Planner.

Up to date information on the Portfolios including performance reports can be found at <https://www.fiducian.com.au/investments/fund-performance/managed-portfolios/>

## 2 HOW THE FIDUCIAN SMA FUND WORKS

The Fund offers investments through four different styles of portfolio. The Imputation Portfolio is aimed at selecting shares that provide a growing level of dividend income and some capital growth. The Growth Portfolio invests in shares that are selected primarily for capital growth and is not focussed on generating income, whether franked or not. The Emerging Leaders Portfolio invests in companies that hold a strong market position and have the prospect of positive earnings through growth. The Property Securities Portfolio invests in listed property trusts, and companies with property related business.

In the Imputation, Growth and Emerging Leaders Portfolios shares of up to 14 listed companies will be included in each portfolio at any time. In the Personal Managed Property Securities Portfolio, up to 8 listed property trusts will be included at any time.

### HOW INVESTMENTS CAN BE MADE INTO THE FUND

Investment into the Fund is made through the Fiducian Superannuation Service or the Fiducian Investment Service (known as the 'Service'). In addition to reading this document you should read the disclosure document of the relevant Service

and complete the application form. Your investment choices are completed on the application form in the disclosure document of the Service you are using. We recommend you seek advice from your Financial Planner.

It is important to note that you do not become a direct investor in the Fund when you invest through the Service. The Custodian will acquire an interest in the Fund and will be recorded in the Fund register as the owner of that interest. Where you invest through a Service your individual account holding in the Fund is maintained and recorded by the Service.

### THE CUSTODIAN

The Responsible Entity has appointed National Australia Bank Limited ABN 12 004 044 937 ("NAB or Custodian") as the custodian of the assets of the Fund. The Custodian's role is limited to holding the assets of the Fund as agent of the Responsible Entity. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement.

The Custodian makes no statement in this PDS and has not authorised or caused the issue of it. NAB has given and not withdrawn its consent to be named in this PDS.

Investments of the Fund do not represent investments in, deposits with or other liabilities of, NAB or any other member of the NAB group of companies (NAB Group). Neither NAB, nor any other member of NAB Group, in any way stands behind the capital value, nor do they guarantee the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of the Responsible Entity or its related entities.

#### MINIMUM INVESTMENT

The minimum investment is determined by the Service through which you invest (for example, the Fiducian Superannuation Service).

#### DISTRIBUTIONS

Distributions will be paid into the cash account of your nominated Service when a dividend is paid in relation to the underlying shares held in your account. Distribution payments to your cash account are generally made within 20 working days of receiving the distribution.

#### ADDITIONAL INVESTMENTS

You are able to make additional investments at any time by completing all documentation required by the relevant Service and by complying with its minimum investment requirements.

#### WITHDRAWING YOUR INVESTMENT

Withdrawals are normally processed within 10 working days from the date of receipt of a redemption request. However, at certain times of the year, such as at the end of the financial year, redemptions can take up to 30 working days to be processed. Additionally, you may not be able to withdraw within the usual period if there is a freeze on withdrawals in accordance with the requirement of the law. Redemption requests should be submitted to the relevant Service in accordance with their procedures.

## 3 BENEFITS OF INVESTING IN THE FIDUCIAN SMA FUND

The significant features of the Fiducian SMA Fund are as follows:

### 1. INVESTMENT PHILOSOPHY

Our goals are relatively straightforward - they are:

- To add value for investors through understanding and controlling the trade-offs between investment risk and return over particular time periods;
- To provide full, fair and timely investment information to investors and their Financial Planners;

### 2. HIGHLY STRUCTURED AND RIGOROUS INVESTMENT PROCESS

Each of the Portfolios is managed and reviewed on a continuous basis by our investment team to ensure that they remain within the parameters of style and securities they have been designed for. Analysis is conducted on the list of securities to determine their relevance to the relevant Portfolios and alterations if any, are approved at a formal meeting of the investment team and ratified by an investment committee appointed by the Board of Fiducian.

### 3. ALWAYS STRIVING TO IMPROVE

Fiducian constantly monitors the Fund's underlying securities to ensure that they maintain their investment styles and processes. From time to time securities may be removed and new securities added if the Investment Team's research so warrants.

There is more information that explains the Portfolios found at <https://www.fiducian.com.au/investments/managed-portfolios/> or ask your Financial Planner.

Up to date information on the Portfolios including performance reports can be found at <https://www.fiducian.com.au/investments/fund-performance/managed-portfolios/>

# 4 RISKS OF INVESTING IN THE FIDUCIAN SMA FUND

Even the simplest of investments carry a certain level of risk. The value of an investment with a higher level of risk will tend to rise and fall more often and by greater amounts than an investment with a lower level of risk. In other words, it is likely to be more volatile than those with less risk.

When considering your investment it is important to understand that:

- The value of your investment and its returns will vary over time
- Assets with higher long-term return potential usually have higher levels of short-term risk
- Returns are not guaranteed and you may lose some of your money
- Past performance and returns are not indicative of future returns or performance, and
- Laws may change in the future.

## INDIVIDUAL RISK PROFILE

Your individual circumstances may affect the level of risk that you are willing to take and therefore, the potential return on your investments. Factors that you and your Financial Planner need to consider include:

- Your age and investment goals
- Your investment timeframe
- Your other assets
- Your risk tolerance

The value of your investment in the Fund is likely to be affected by a wide range of factors, which include:

### 1. INVESTMENT RISKS

The value of any investment 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 economies, the movement of interest rates and inflation, the level of consumer and investor confidence, exchange rate movements, monetary and fiscal policy initiatives and corporate profitability.

### 2. 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 not only by economic fundamentals but also by political or legislative developments. We undertake careful and thorough research with the aim of fine tuning asset sector allocation over time

to best position, in particular, our diversified funds (but also sector funds) for perceived likely developments in the global and domestic economic environment.

### 3. SECURITY SPECIFIC RISK

Individual securities, such as company shares or corporate bonds or even Government Bonds may be affected by changes in management practices, business activities or government policies. Such influences can push specific security values up or down at different times and in turn, affect the value of the fund that is invested in these securities.

Risks may arise from the incorrect selection of securities. While all reasonable care is taken to select securities that grow in value, no guarantee implied or express can be given that our judgment will deliver beneficial results for you.

### 4. CURRENCY RISK

For stocks that are dual listed within the Fiducian Australian Shares Fund, there is a risk that the Australian Dollar value of such investments may rise or fall due to exchange rate movements.

### 5. LIQUIDITY RISK

In certain circumstances some of the underlying securities in which the Fund has invested could become illiquid (unable to be converted into cash) which may mean part or all of your investment may not be available for an extended period of time.

## UNDERSTANDING PAST PERFORMANCE

Past performance is not a reliable indication of future performance. You should not base your investment decision on past returns alone. We recommend you speak to your Financial Planner before making any investment decisions.

## NO GUARANTEE

While Fiducian takes all reasonable care and employs qualified personnel, the value of your investment could decline and no guarantee expressed or implied can be given or is given that the value of the Fund will be maintained. Given the nature of investment markets, Fiducian cannot and does not guarantee the performance, income or retention of capital of any of your investment.

# 5 HOW WE INVEST YOUR MONEY

The Fund offers investments through four different styles of portfolio. The Imputation Portfolio is aimed at selecting shares that provide a growing level of dividend income and some capital growth. The Growth Portfolio invests in shares that are selected primarily for capital growth and is not focussed on generating income, whether franked or not. The Emerging Leaders Portfolio invests in companies that hold a strong market position and have the prospect of positive earnings through growth. The Property Securities Portfolio invests in listed property trusts, and companies with property related business.

The following table sets out the key features of the Fund:

| Investment Category                            | Maximum Asset Ranges |           | Likelihood of Negative Returns over any 20-year period | Risk Label     | Investment Strategy   |
|--|----------------------|-----------|--|----------------|---|
|  | Growth               | Defensive |  |                |   |
| <b>Imputation Portfolio</b>                    |                      |           |  |                |   |
| Australian Shares                              | 100                  | 0         | 4 to 6   | High           | Aimed at selecting shares that provide a growing level of dividend income and some capital growth.                                    |
| <b>Growth Portfolio</b>                        |                      |           |  |                |   |
| Australian Shares                              | 100                  | 0         | 4 to 6   | High           | Invests in shares that are selected primarily for capital growth and is not focussed on generating income, whether franked or not.    |
| <b>Emerging Leaders Portfolio</b>              |                      |           |  |                |   |
| Australian Shares                              | 100                  | 0         | 6 or greater   | Very High      | Invests in companies outside the 70 largest stocks by capitalisation on the ASX, which have the prospect of positive earnings growth. |
| <b>Property Securities Portfolio</b>           |                      |           |  |                |   |
| Property Trusts and/or property related stocks | 100                  | 0         | 3 to 4   | Medium to High | Portfolio invests in listed property trusts, and companies with property related business.  |

## SWITCHING

You have the flexibility to change the investment options in your portfolio at no cost (other than buy/sell spread), subject to the minimum investment conditions of your Service.

## LABOUR STANDARDS, ENVIRONMENTAL, SOCIAL OR ETHICAL CONSIDERATIONS

In the process of selecting, retaining or realising investment products, we utilise a thorough and rigorous selection process. We only select known companies within the industry as part of this process. These companies are governed by their own legal systems, which should be responsible for standards for labour, environmental, social and ethical issues. We do not take these issues into account in our investment decisions.

## HOW TO GET UPDATED INFORMATION

We make changes to the Fund at our discretion including, but not limited to, terminating the Fund. Changes may be made without prior notice, (other than for an increase in fees) including but not limited to, changes to the investment strategy, asset allocation and other service providers to the Fund.

There is more information that explains the Portfolios found at <https://www.fiducian.com.au/investments/managed-portfolios/> or ask your Financial Planner.

Up to date information on the Portfolios including performance reports can be found at <https://www.fiducian.com.au/investments/fund-performance/managed-portfolios/>

# 6 FEES AND 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 Planner.

## 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](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

The Federal Government has implemented ASIC Class Order CO 14/1252, as applied by ASIC Regulatory Guide 97. It requires Funds to report all costs and charges that apply in managing and operating the Fund.

| Type of Fee or Cost  | Amount    | How and when paid   |
|--|-----------|---|
| <b>Fees when your money moves in or out of the fund</b>  |           |   |
| <b>Establishment Fee</b><br>To fee to open your investment   | Nil       | Not applicable  |
| <b>Contribution Fee</b><br>The fee on each amount contributed by you or your employer or transferred from another superannuation fund. | Nil       | Not applicable  |
| <b>Withdrawal Fee</b>  | Nil       | Not applicable  |
| <b>Exit Fee</b>  | Nil       | Not applicable  |
| <b>Total Management Costs:*</b>  |           |   |
| The fees and costs for managing your investment  | 0.4% p.a. | Deducted from the Cash Account of the relevant Service. This fee is accrued daily on your average daily balance and charged monthly in arrears. |
| <b>Service Fees</b>  |           |   |
| Switching fee  | Nil       | Not applicable  |

\* Additional fees may apply as described below in the Additional Information on Fees and Costs – Transactional and Operational Costs

## MANAGEMENT COSTS

When you elect to invest in the Personal Managed Shares & Property Securities Portfolios, you will be charged a fee of 0.4% per annum (inclusive of GST and net of RITC as applicable) of the value of your investment in the Portfolio, which is accrued daily on your average daily balance and charged monthly in arrears. This amount will be charged to the Cash Account of the relevant Service and will not require a forced sale of your shares within the Portfolios. However, consistent with the terms of the relevant Service, should your balance fall below 3% an automatic redemption will occur from the investment you have nominated for such redemptions.

## FINANCIAL PLANNER FEE

If you consult a Financial Planner you may also pay an additional fee that will be set out in the Statement of Advice between you and that Financial Planner.

## CAN FEES CHANGE?

All fees can change. Reasons might include changes in economic conditions or changes in regulations. 30 days notice of a change in fees will be given.

## EXAMPLE

The information in this table can be used to compare fees and costs between different investment products over 1 year.

## Example: Personal Managed Shares & Property Securities Portfolios

### Balance of \$50,000 with total contributions of \$5,000 during year

|   |      |   |
|---|------|---|
| <b>Contribution Fee</b>   | 0%   | For every \$5,000 you put in, you will be charged \$0   |
| <b>Plus</b><br>Total Management Cost  | 0.4% | For every \$50,000 you have in the Fund you will be charged \$200 each year   |
| <b>Equals</b><br>Cost of the Personal Managed Shares & Property Securities Portfolios |      | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000, you would be charged fees of <b>\$200*</b> for that year.<br><br><b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b> |

**Note:** Fees and Costs are calculated to 4 decimal places and rounded to 2 decimal places

\* This example assumes there is no variation in the value of your investment and the additional investment of \$5,000 is made at the end of the period. Additional fees may apply as described below in the Additional Information on Fees and Costs – Transactional and Operational Costs and fees with your relevant Service, which will be disclosed in the Services' PDS.

There is a calculator provided by ASIC on its MoneySmart website which can calculate the effect of fees and costs on account balances.

#### ADDITIONAL INFORMATION ON FEES AND COSTS – TRANSACTIONAL AND OPERATIONAL COSTS

You may incur Transactional and Operational Costs as detailed below.

##### BROKERAGE

Under an agreement between us and the Administrator, the Administrator negotiates the brokerage costs with brokers for the buying and selling of securities within the Portfolios. Brokerage for the Portfolios will be charged at \$35 per security traded or 0.55% per security traded for transactions which

exceed \$5,000 and is deducted from the proceeds or added to the capital cost of the purchase. The difference between the rate negotiated with the brokers and the brokerage charged to your transaction will be retained by the Fiducian Group for services it provides in relation to the administration of the securities traded in the fund.

##### ESTIMATED TRANSACTION COSTS

The estimated net transaction costs for each Portfolio is detailed in the table below. This is derived from the estimated total transaction costs and estimated recovery amount from the buy/sell spread. The implicit cost attempts to explain the average difference between the price securities are purchased and the price they may be sold. When markets are stressed, this differential could rise.

|                       | Imputation Portfolio | Growth Portfolio | Emerging Leaders Portfolio | Property Securities Portfolio |
|-----------------------|----------------------|------------------|----------------------------|-------------------------------|
| Transaction costs     | 0.40%                | 0.36%            | 1.29%                      | 0.26%                         |
| Recovery amount       | 0.00%                | 0.00%            | 0.00%                      | 0.00%                         |
| Net transaction costs | 0.40%                | 0.36%            | 1.29%                      | 0.26%                         |

## 7 HOW THE FIDUCIAN SMA FUND IS TAXED

##### TAX

In all likelihood tax will be payable on your investments in the Fund – generally income or capital gains tax, net of any available tax credits or concessions. Your tax liability will depend on your circumstances and the Service through which you invest. So it is important that you seek professional advice before you invest or deal with your investment.

The Fund does not pay tax on your behalf. Please refer to the disclosure document of your Service.

##### GST

Fees, costs and commissions include Goods & Services Tax (GST) where applicable unless otherwise specified.

##### GOVERNMENT CHARGES

Government charges for lodgements and taxes, including stamp duty and GST, will be paid by each Fund as appropriate.

## 8 HOW TO APPLY

Investment into the Fund is made through the Fiducian Superannuation Service or the Fiducian Investment Service. In addition to reading this document you should read the disclosure document of the relevant Service and complete the relevant application form. We recommend that you seek advice from your Financial Planner before making any investment decisions.

The offer contained in this PDS is only available for those obtaining this information within Australia. Applications cannot be accepted from outside Australia. You should contact your Financial Planner or Service provider for any investor queries.

### COOLING OFF PERIOD

For details about your rights, please refer to the disclosure document of the Service you are using.

### ENQUIRIES & COMPLAINTS - CONTACT US:

If you have an enquiry, complaint or wish to receive a copy of our Client Guide to Dispute Resolution process, please contact your Financial Planner or Fiducian:

Phone: 1800 653 263 (Toll Free)

Email: [info@fiducian.com.au](mailto:info@fiducian.com.au) (Enquiries)

[ComplaintsManager@fiducian.com.au](mailto:ComplaintsManager@fiducian.com.au) (Complaints)

Web: [www.fiducian.com.au](http://www.fiducian.com.au)

Mail: GPO Box 4175, SYDNEY NSW 2001

If you are dissatisfied about a decision or have a complaint you feel has not been adequately resolved, then you have the right to lodge a complaint with:

The Australian Financial Complaints Authority

Online: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority  
GPO Box 3, MELBOURNE VIC 3001



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