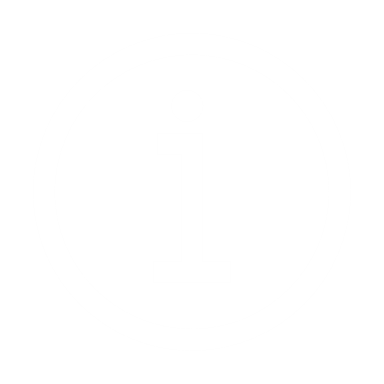
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| MLC FirstChoice  Managed Accounts | | | |
| **Example advice document content** | | | |
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| **October 2023** | **ADVISER USE ONLY** |  |  |



**Usage Instructions**

Given the wide variation in potential advice document content and layouts, we have provided a range of sample sections and supporting content to be tailored for your specific client advice scenario and advice documentation requirements.

In keeping with best practice SOA drafting, we have structured this example content to be simple and concise, focused on the points, features and benefits that can be directly linked to client circumstances and objectives while as much as possible, avoiding purely edcuational and marketing content.

Please check with your licensee’s compliance and/or paraplanning team if you are unsure as to the suitability of the example content provided.

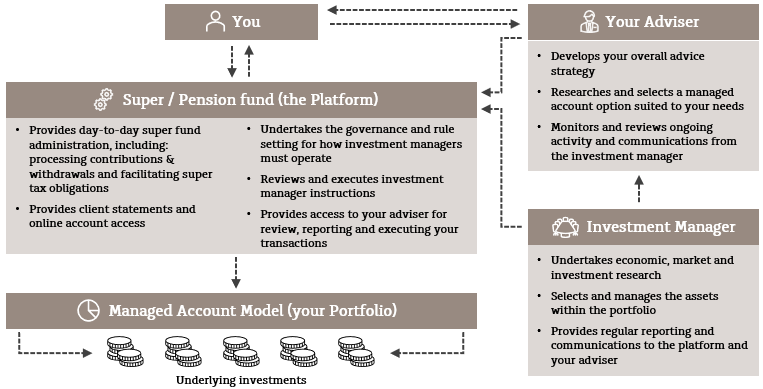
**What is a managed account and why have I recommended one for you?**

A managed account is a contemporary investment structure offered by some superannuation and pension funds. The defining features of this structure include:

* You as the investor, having a more direct exposure to each of the underlying investments within your portfolio (such as managed funds, shares or ETFs) as opposed to investing via a single fund option which contains those similar investments.
* The day-to-day investment decisions of a particular managed account portfolio are overseen by a professional, external investment manager.
* Changes to managed account portfolios by the investment manager can be implemented as frequently as required, without the need for or time delays associated with traditional administration paperwork between you and your adviser.
* You and your adviser see exactly how your money is invested at any point in time with better visibility of the assets in your portfolio, any transactions, ongoing performance, fees and costs.

This is combination of individual exposure, professional management, timely execution and holdings transparency, is generally not available if you or your adviser self-construct a portfolio or if you were to invest via a single, multi-asset investment option, such as a traditional ‘balanced’ fund.

The diagram below provides a high-level outline of a typical managed account structure, the key entities involved and the role they play in managing an investor’s portfolio.



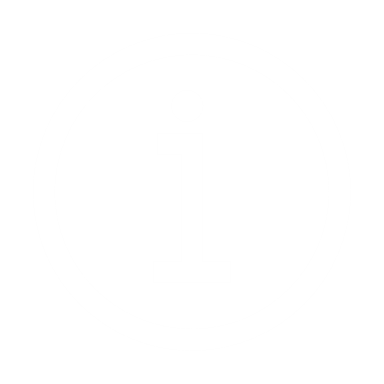
<client names>, I/we believe investing your super/pension savings via a managed account portfolio is an appropriate option for you on the basis that:

* Managed portfolios provide you with enhanced transparency of your investment holdings. Unlike a single ‘balanced’ style fund you will see additional detail on each of the investments within your portfolio and how they may change through time, providing for the greater understanding of and engagement with your portfolio that you desire.
* Your portfolio will be monitored on a regular basis by experienced and qualified investment management professionals who specialise in the research and selection of suitable investments and the ongoing management of diversified portfolios.
* The selected investment manager for your portfolio can implement their recommended changes (within agreed limits) without requiring additional advice paperwork and consent from you. This results in far more efficient and timely portfolio management vs a similar portfolio manually constructed and managed by me/us on your behalf.
* I/we believe that vs. traditional approaches to constructing a portfolio of individual assets for you, the use of a managed account structure is likely to increase the probability of you achieving a successful investment outcome over time.
* Managed account portfolios offer detailed market, performance and portfolio commentary on a monthly and quarterly basis. The selected investment manager also communicates with us whenever they make a change to your portfolio.

This level of transparency and communication enables us to ensure the recommended investment solution remains both competitive relative to other options and appropriate for your goals and objectives.

* We can provide you with access to this regular reporting and commentary should you wish OR As part of our ongoing service to you, we will regularly provide to you, commentary on the performance of our recommended portfolio manager as well as any changes they make to your portfolio.
* You can choose to opt out of the recommended managed account at any time by either contacting me/us or the platform provider directly. When you opt-out of a managed account

service, your holdings in the underlying investment options will remain but the ongoing managed account services will cease to be provided.



This section is provided only as an example ‘flow’ for your advice document. This content was drafted with a managed account focus in mind and while it may be applicable for simple advice cases, we acknowledge that super / pension switching recommendations can be both highly detailed and subject to a range of additional SOA discosures and calculations.

Please selectivly utilise or disregard the below example content as required.

**What superannuation / pension fund have I recommended to implement your managed account and why**

<client names>, I/we recommend that you open a new / retain your existing CFS FirstChoice Super/Pension account

CFS FirstChoice is an award-winning superannuation & pension fund which offers investors a simple and cost-effective solution for managing your retirement savings.

The fund offers a sizeable and diverse investment menu, timely execution of investment instructions, comprehensive and transparent reporting of account performance, transactions and fees, high quality customer service capabilities and a commitment to providing comprehensive tools and support to financial advisers to ensure we can effectively and efficiently implement our advice to you.

I/we believe this is an appropriate super /pension fund option for you because:

* CFS FirstChoice offers access to a range of investment styles and options relevant to your goals and objectives, including multiple managed account portfolio options which we have identified as being the most suitable option for you.
* The managed account portfolios within FirstChoice will be constructed with a range of active or index style managed funds. While other platforms may provide access to managed accounts with direct listed securities and ETFs, these portfolios and the platforms required to access them often involve additional levels of operational complexity and cost.

I/we don’t believe that this additional cost and complexity is currently warranted given your stated objectives and preferences.

* The managed account portfolios via CFS FirstChoice are provided to you without any additional fees over and above those applicable for the same underlying investment options utilised within a FirstChoice account. This differs from other platform providers where additional fees are often payable to both the platform and investment managers for a managed account service.
* Outside of suitable investment options for your super / pension savings, CFS FirstChoice also offers several key features and benefits that I/we believe are both desirable and relevant to your needs / objectives. These include.
  + <insert other platform benefits and features specific to client requirements? Binding death nominations, family fee linking etc>
* Reduced costs: <comment on any reduction in total client fees if applicable>
* Prior to arriving at this recommendation, I/we conducted a review of the costs and features of your existing CFS super/pension account vs alternative platforms in the market /on my approved product list. The outcome of this review suggested that after considering the potential time and disruption required along with the likely switching costs, there was limited / no tangible benefit of switching super/pension account providers at this time.

**What managed account portfolio option have I recommended to invest your funds and why**

|  |  |
| --- | --- |
| **MLC Conservative 30** | <client names>, I/we recommend that you invest your CFS FirstChoice super/pension monies via the MLC Conservative 30 Managed Account portfolio.   * The portfolio is invested in a combination of asset classes including equities, commercial property, and infrastructure (growth assets) as well as various fixed income securities and cash (defensive assets). * This portfolio’s exposure to growth style assets is expected to average 30% over time with the remaining 70% held within more defensive style asset classes. * The portfolio targets a return (after fees) of cash + 1.25% p.a over the minimum recommended investment period of at least 3 years.   The portfolio’s investment manager, MLC Asset Management, can actively adjust the overall mix of assets within the portfolio based on their views as to which mix offers the best opportunity to meet the targeted returns you require while appropriately managing the overall levels of investment risk within your portfolio. MLC is also responsible for carefully selecting specialist, predominantly active investment managers to implement the exposures to each asset class they deem desirable. |
| **MLC Moderate 40** | <client names>, I/we recommend that you invest your CFS FirstChoice super/pension monies via the MLC Moderate 40 Managed Account portfolio.   * The portfolio is invested in a combination of asset classes including equities, commercial property and infrastructure (growth assets) as well as various fixed income securities and cash (defensive assets). * This portfolio’s exposure to growth style assets is expected to average 40% over time with the remaining 60% held within more defensive style asset classes. * The portfolio targets a return (after fees) of Australian CPI (Inflation) + 1.25% p.a over the minimum recommended investment period of at least 3 years.   The portfolio’s investment manager, MLC Asset Management, can actively adjust the overall mix of assets within the portfolio based on their views as to which mix offers the best opportunity to meet the targeted returns you require while appropriately managing the overall levels of investment risk within your portfolio. MLC is also responsible for carefully selecting specialist, predominantly active investment managers to implement the exposures to each asset class they deem desirable. |
| **MLC Moderate 50** | <client names>, I/we recommend that you invest your CFS FirstChoice super/pension monies via the MLC Moderate 50 Managed Account portfolio.   * The portfolio is invested in a combination of asset classes including equities, commercial property and infrastructure (growth assets) as well as various fixed income securities and cash (defensive assets). * This portfolio’s exposure to growth style assets is expected to average 50% over time with the remaining 50% held within more defensive style asset classes. * The portfolio targets a return (after fees) of Australian CPI (Inflation) + 1.75% p.a over the minimum recommended investment period of at least 3 years.   The portfolio’s investment manager, MLC Asset Management, can actively adjust the overall mix of assets within the portfolio based on their views as to which mix offers the best opportunity to meet the targeted returns you require while appropriately managing the overall levels of investment risk within your portfolio. MLC is also responsible for carefully selecting specialist, predominantly active investment managers to implement the exposures to each asset class they deem desirable. |
| **MLC Balanced 60** | <client names>, I/we recommend that you invest your CFS FirstChoice super/pension monies via the MLC Balanced 70 Managed Account portfolio.   * The portfolio is invested in a combination of asset classes including equities, commercial property and infrastructure (growth assets) as well as various fixed income securities and cash (defensive assets). * This portfolio’s exposure to growth style assets is expected to average 60% over time with the remaining 40% held within more defensive style asset classes. * The portfolio targets a return (after fees) of Australian CPI (Inflation) + 2.25% p.a over the minimum recommended investment period of at least 5 years.   The portfolio’s investment manager, MLC Asset Management, can actively adjust the overall mix of assets within the portfolio based on their views as to which mix offers the best opportunity to meet the targeted returns you require while appropriately managing the overall levels of investment risk within your portfolio. MLC is also responsible for carefully selecting specialist, predominantly active investment managers to implement the exposures to each asset class they deem desirable. |
| **MLC Balanced 70** | <client names>, I/we recommend that you invest your CFS FirstChoice super/pension monies via the MLC Balanced 70 Managed Account portfolio.   * The portfolio is invested in a combination of asset classes including equities, commercial property and infrastructure (growth assets) as well as various fixed income securities and cash (defensive assets). * This portfolio’s exposure to growth style assets is expected to average 70% over time with the remaining 30% held within more defensive style asset classes. * The portfolio targets a return (after fees) of Australian CPI (Inflation) + 2.75% p.a over the minimum recommended investment period of at least 5 years.   The portfolio’s investment manager, MLC Asset Management, can actively adjust the overall mix of assets within the portfolio based on their views as to which mix offers the best opportunity to meet the targeted returns you require while appropriately managing the overall levels of investment risk within your portfolio. MLC is also responsible for carefully selecting specialist, predominantly active investment managers to implement the exposures to each asset class they deem desirable. |
| **MLC Growth 80** | <client names>, I/we recommend that you invest your CFS FirstChoice super/pension monies via the MLC Growth 80 Managed Account portfolio.   * The portfolio is invested in a combination of asset classes including equities, commercial property and infrastructure (growth style assets) as well as various fixed income securities and cash (defensive style assets). * This portfolio’s exposure to growth style assets is expected to average 80% over time with the remaining 20% held within more defensive style asset classes. * The portfolio targets a return (after fees) of Australian CPI (Inflation) + 3.5% p.a over the minimum recommended investment period of at least 7 years.   The portfolio’s investment manager, MLC Asset Management, can actively adjust the overall mix of assets within the portfolio based on their views as to which mix offers the best opportunity to meet the targeted returns you require while appropriately managing the overall levels of investment risk within your portfolio. MLC is also responsible for carefully selecting specialist, predominantly active investment managers to implement the exposures to each asset class they deem desirable. |
| **MLC High Growth 98** | <client names>, I/we recommend that you invest your CFS FirstChoice super/pension monies via the MLC High Growth 98 Managed Account portfolio.   * The portfolio is invested in a combination of asset classes including equities, commercial property and infrastructure (growth assets) as well as various fixed income securities and cash (defensive assets). * This portfolio’s exposure to growth style assets is expected to average 98% over time with the remaining 2% held within the cash like investments. * The portfolio targets a return (after fees) of Australian CPI (Inflation) + 4.5% p.a over the minimum recommended investment period of at least 7 years.   The portfolio’s investment manager, MLC Asset Management, can actively adjust the overall mix of assets within the portfolio based on their views as to which mix offers the best opportunity to meet the targeted returns you require while appropriately managing the overall levels of investment risk within your portfolio. MLC is also responsible for carefully selecting specialist, predominantly active investment managers to implement the exposures to each asset class they deem desirable. |

<client names>, I/we believe this is an appropriate investment option for you as:

* The portfolio is well diversified across a number of asset class and individual asset managers, constituting a suitable, whole of portfolio solution for <this portion of> your super/pension savings.
* The targeted average allocation to growth and defensive assets is consistent with your nominated risk profile. OR The mix of assets within this portfolio is expected to produce a risk and return outcome that is broadly in line with that expected for your nominated risk profile.
* The portfolio’s target investment aligns with the portfolio goals / objectives that we have discussed and agreed up on together.
* <client specific> The ability to shift several of your existing managed fund holdings into this managed portfolio structure will help to reduce the upfront investment trading and tax costs that would ordinarily arise from switching investment managers.
* The portfolio will be managed by MLC Asset Management, one of Australia’s largest and most experienced investment managers. MLC has over 35 years’ experience in multi-asset investing, their investment team is well resourced and has a demonstrated capability in designing and managing all aspects of the portfolio including asset allocation, investment selection and risk management.
* Importantly, the MLC investment team and their investment capabilities have been subjected to multiple, external assessment and ratings processes. While not specific to this CFS portfolio, these assessments provide me/us with a degree of transparency into MLC’s potential strengths and weakness as an asset manager that are not otherwise available for most of the alternative managed account providers on the CFS investment menu.
* Finally, on a like-for-like basis, the total portfolio fees are both appropriate and competitive relative to alternative options.

**What potential risks and disadvantages of investing via a managed account do you need to be aware of?**

Most risks associated with investing via a managed account structure are largely the same as those which would apply if you were to invest in the same underlying assets via any alternative investment structure, including the general risks associated with all investing activities. I/we have provided a summary of these key risks in section xx of this advice document.

For those risks which specifically apply managed accounts, including those specific to CFS FirstChoice, a summary has been provided below.

* While you can make changes to your investments at any time, including withdrawing funds or making an election for your pension payment to be drawn from specific investment holdings, your portfolio will be automatically realigned to the current recommended investment holdings at the next investment manager portfolio change or scheduled quarterly realignment.

If you wish to permanently change your portfolio holdings or cease any portfolio realignment activity you will need instruct us to opt you out of FirstChoice Managed Accounts.

* Any funds held within your managed account are subject to the recommendations of the appointed investment manager. As such, your exposure to a given fund may be increased, reduced, or completely sold at any point in time. This activity will generate ongoing trading costs as well as potential capital gains tax implications (for your super account).

If there are specific holdings within your account that you do not wish to be altered, say for example because of expected tax liabilities, then these holdings should not be included within your managed account portfolio and you should discuss alternative options for these funds with me/us.

**Important information**

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