

31 July 2017

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## Netwealth Superannuation Master Fund

### Notification of changes to Super Wrap/Super Accelerator

We are writing to inform you that on 20 July 2017 a new Product Disclosure Statement ('PDS') was issued for Netwealth «product\_name» and to tell you about some important changes to your Super Wrap/Super Accelerator account.

These changes are detailed on the following pages and are in addition to the changes previously communicated to you on 8 June 2017.

The updated PDS and accompanying Information Guides are available on our website or by contacting us directly on 1800 888 223.

#### More information

For more information regarding these changes please contact Investor Services on Freecall 1800 888 223 or via email to [contact@netwealth.com.au](mailto:contact@netwealth.com.au)

Thank you for using Netwealth.

### Your Details

**Account name**  
Sample

**Client number**  
Sample

**Account number**  
Sample

### Adviser Details

**Adviser name**  
Sample

**Phone number**  
Sample

#### For more information

 1800 888 223

 [contact@netwealth.com.au](mailto:contact@netwealth.com.au)

 [netwealth.com.au](http://netwealth.com.au)

## 1. Operational Risk Financial Requirement

As the trustee of the Fund, the Australian Prudential Regulation Authority requires us to maintain adequate financial resources to address operational risk events that may affect our business operations. This is known as the Operational Risk Financial Requirement or 'ORFR'. We meet the ORFR with a combination of an operational risk reserve amount held within the Fund and operational risk trustee capital that we hold ourselves specifically for that purpose. The trustee capital is provided by our parent company and we pay our parent company a fee based on the amount of capital provided. The fee is reimbursed from the Fund and the cost is apportioned between each member's account based on the value of their investments.

We currently estimate that an amount up to 0.025% p.a. of the value of your account (calculated daily) will be deducted from your cash account quarterly<sup>1</sup>. The amount deducted is likely to differ in future financial years because the size of the ORFR and the cost of capital are likely to change. Your annual statement will set out all amounts charged for the ORFR.

## 2. Managed Model Performance Fee

We have included the ability to include a Managed Model Performance Fee for Managed Models available in the Managed Account.

The Managed Model Performance Fee does not apply to any investment options you currently hold in your account.

This fee only applies if you make an investment through a Managed Model in the Managed Account that has a performance fee. If applicable, the performance fee is payable if the Managed Model performance exceeds the specified benchmark return over the relevant period for that model.

Information about the performance fee and how we determine if a performance fee is payable, is set out in the Managed Account PDS. Further information about how the performance fee is calculated, as they apply for each Managed Model, is set out in the relevant Managed Model Profiles document.

## 3. ASX listed securities – brokerage fee

As a result of a review of trading costs, the ASX listed securities – brokerage fee will change from 7 September 2017 as outlined in the table below:

Fee Type	Current Fee	New Fee
ASX listed securities – brokerage fee	\$20 per trade	0.125% of the value of each trade (subject to a minimum of \$18.50 per trade)

## 4. Minimum fees applying to your account

The Trust Deed entitles us to a fee of 2.00% p.a. of the value of your account for the ongoing administration and investment services we provide to members and to set a minimum fee which may be more than 2.00% p.a. We have set the minimum fee per member as the amount arrived at by applying the investment and administration fee rates set out in the 'Fees and costs' section of the PDS. This means that in certain limited circumstances the fee we charge a member may exceed 2.00% p.a.<sup>2</sup>

<sup>1</sup> Calculation of the ORFR amount to be deducted from members' accounts will commence on or after 1 October 2017 and be deducted on 31 December 2017 or at the time of earlier withdrawals.

<sup>2</sup> Previously, whenever the fee exceeded 2% a rebate was provided [monthly] to reduce the fee. This occurred only in unusual circumstances and the amounts involved were generally very small. These rebates will now be discontinued.

## 5. Illiquid assets in Income Stream accounts

[This heading has been amended from the notice sent to members]

If you invest in the Income Stream Service and if, at any time, in our opinion you are likely to have insufficient liquid assets in your account to enable us to pay your minimum income payment when it becomes due, we may transfer your entire account from the Income Stream Service to Personal Super.

## 6. Transition to Retirement Income Stream (TTR Income Stream) in Retirement Phase

In our previous correspondence we noted that the government has announced a range of changes to superannuation regulations and tax. These include:

- removal of tax exemption on investment earnings for TTR Income Streams, prior to satisfying a condition of release; and
- the introduction of cap on balances in retirement phase income streams that are exempt from tax on earnings, set initially at \$1.6 million.

We have made amendments to the Trust Deed and to our processes to enable these changes to be implemented.

If, having started a TTR Income Stream, you then meet an applicable condition of release, the TTR Income Stream is in 'retirement phase' and the earnings and realised capital gains will not be taxed within the Fund and the restrictions on commutation to a lump sum and the 10% maximum pension limit cease to apply.

## 7. Changes to meeting notifications

From time to time we may be notified of security holder meetings (in relation to listed securities) or unit holder meetings (in relation to managed funds). If we deem such a meeting to be material, information about the meeting will be made available on our website.

Details of meetings will be displayed on the dashboard under 'Corporate Actions'. We encourage you to check the dashboard periodically for any new notifications.

As information regarding meeting notices will now be made available online, we will no longer send you or your adviser meeting notifications via email or post.

Further information on the voting process will be available on the meetings page, and is contained in our voting policies, which are available by contacting us.

## 8. Changes to the way fees are disclosed

As the provider of the PDS, we will have to comply with new disclosure requirements relating to the way fees and costs are disclosed in the PDS from 1 October 2017. These requirements are detailed in Class Order 14/1252 and the revised Regulatory Guide 97. We have chosen to opt in to this regime early, and as such this PDS has been amended to comply with these requirements.

The fees and costs of the product have not changed other than where we have provided you with the information in this notice and in our prior notice to you on 8 June 2017. You may however, notice that the way fees and costs are set out is different and that more information on these fees and costs has now been provided. If you are not sure if a fee or cost applies to you, please discuss this with your financial adviser or contact us.