

ClearView **WealthSolutions**

Investments IDPS Guide

Update pursuant to ASIC Class Order 13/763

Date issued 21 December 2018

The information in this notice dated 21 December 2018 provides non-materially adverse updates to the WealthSolutions Investments Investor Directed Portfolio Service (**IDPS**) Guide dated 1 October 2015 (**IDPS Guide**). This update is issued by ClearView Financial Management Limited ABN 99 067 544 549 AFSL 227677 (**CFML**) as operator of the IDPS. It should be read together with the IDPS Guide, which is available at www.clearview.com.au.

About this update

This update incorporates information on the following:

1. Updates to the **Fees and Other Costs** disclosure, to comply with the Australian Securities and Investments Commission's (ASIC) updated *Regulatory Guide 97 – Disclosing fees and costs in PDSs and period statements*
2. Update to the **Complaints Resolution** and **External Dispute Resolution** processes

Changes to the IDPS Guide from 21 December 2018

Changes to Fee and Cost Disclosure

Replace

Example 1 and Example 2 of annual fees and costs on page 18 in the 'Fees and Costs' section of the IDPS Guide with the following:

Example 1 of annual fees and costs for the SMA Strategic 70 Model (SMA Models Option)

This table gives an example of how the fees and costs in the SMA Strategic 70 Model (available in the SMA Models option) for this product can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – SMA Strategic 70 Model ¹		Balance of \$50,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 ² you put in, you will be charged \$0.
PLUS Management Costs	1.73% ³	And , for every \$50,000 you have in the SMA Strategic 70 Model you will be charged \$865 each year.
EQUALS Cost of SMA Strategic 70 Model		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees from \$865⁴ . What it costs you will depend on the investment option you choose and the fees you negotiate.

- 1 All figures disclosed include the net effect of GST and RITC (refer to the GST and RITC section on Page 22 for further details). No Service Fee applies in this example.
- 2 For this example, the contribution of \$5,000 is made at the end of the year. Also, if you elect to inspecie asset transfer your investments out of your WealthSolutions account then the applicable fees will not apply from the date that we accept and process your paperwork.
- 3 This is equal to 0.59% (Administration Fee) + 0.99% deducted indirectly (investment costs for SMA Strategic 70 Model) + 0.15% Investment Fee.
- 4 Additional fees may apply. Establishment Fee \$0. If you leave WealthSolutions early and wish to transfer underlying investments out of your account, you may also be charged an exit fee of \$76.88 per investment transfer (this fee will not exceed 5% of your investments transfer value).

Example 2 of annual fees and costs for the Vanguard Diversified Growth Index Fund (Discretionary Investments option)

This table gives an example of how the fees and costs in the Vanguard Diversified Growth Index Fund (available in the Discretionary Investments option) for this product can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Vanguard Diversified Growth Index Fund ¹		Balance of \$50,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 ² you put in, you will be charged \$0.
PLUS Management Costs	0.88% ³	And , for every \$50,000 you have in the Vanguard Diversified Growth Index Fund you will be charged \$440 each year.
EQUALS Cost of Vanguard Growth Index Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees from \$440⁴ . What it costs you will depend on the investment option you choose and the fees you negotiate.

- 1 All figures disclosed include the net effect of GST and RITC (refer to the GST and RITC section on Page 22 for further details). No Service Fee applies in this example.
- 2 For this example, the contribution of \$5,000 is made at the end of the year. Also, if you elect to inspecie asset transfer your investments out of your WealthSolutions account then the applicable fees will not apply from the date that we accept and process your paperwork.
- 3 This is equal to 0.59% (Administration Fee) + 0.29% deducted indirectly (investment costs for Vanguard Diversified Growth Index Fund (VAN0110AU)).
- 4 Additional fees may apply. Establishment Fee \$0. If you leave WealthSolutions early and wish to transfer underlying investments out of your account, you may also be charged an exit fee of \$76.88 per investment transfer (this fee will not exceed 5% of your investments transfer value).

Replace

Example 1 and Example 2 of annual fees and costs on pages 23 and 24 in the 'Fees and Costs' section of the IDPS Guide with the following:

Example 1: SMA Strategic 70 Model (SMA Models option)

The following two examples show fees and costs of investing in the SMA Strategic 70 Model (SMA Models option) through WealthSolutions, excluding any fees you have agreed directly with, and paid to, your financial adviser or their dealer group.

Example A: \$500,000		Example B: \$1,250,000	
Assuming an average account balance of \$500,000 over a 12-month period		Assuming an average account balance of \$1,250,000 over a 12-month period	
Account Administration costs:		Account Administration costs:	
First \$250,000 at 0.59% pa	\$1,475	First \$250,000 at 0.59% pa	\$1,475
Next \$250,000 at 0.44% pa	\$1,100	Next \$250,000 at 0.44% pa	\$1,100
		Next \$250,000 at 0.22% pa	\$550
		Next \$250,000 at 0.15% pa	\$375
Total Management Costs	\$2,575	Total Management Costs	\$3,500
Management costs as a percentage of your account balance	0.52% pa	Management costs as a percentage of your account balance	0.28% pa
Additional investment costs:		Additional investment costs:	
SMA Model Investment Fee	\$563	SMA Model Investment Fee	\$1,406
Fees to investment manager (ICR)	\$3,713	Fees to investment manager (ICR)	\$9,281
Brokerage on listed share transactions	\$156	Brokerage on listed share transactions	\$156
Total additional investment costs	\$4,432	Total additional investment costs	\$10,843
Total additional investment cost as a percentage of your account balance	0.89% pa	Total additional investment cost as a percentage of your account balance	0.87% pa
Total fees and charges	\$7,007	Total fees and charges	\$14,343
Fees and charges as a percentage of your account balance (0.52% + 0.89%)	1.41% pa	Fees and charges as a percentage of your account balance (0.28% + 0.87%)	1.15% pa

The following assumptions apply to these examples:

- 0.5% of the portfolio is held in the Cash Hub, 75% of the portfolio is held in managed funds and 24.5% of the portfolio is held in listed investments;
- The average indirect cost ratio (ICR) (that is, fees and charges expressed as a percentage of the investment) for the managed funds held through WealthSolutions is 0.99%;
- No additional commissions are payable in respect of the underlying investments selected by the investor;
- SMA Model Investment Fee for investing in the SMA Model option is 0.15% on SMA portfolio size up to \$1M;
- There are no adviser or dealer fees (being, Upfront, Ongoing and Ad hoc Adviser Service Fees and Ongoing Dealer Service Fees) included;
- Brokerage costs for listed investment transactions are \$39.00 (inclusive of GST and RITC) per transaction;
- Four listed security trades are made throughout the 12 month period;
- The example account is not geared. No income is reinvested;
- Fees are inclusive of GST and RITC; and
- In these examples fees are rounded to the nearest dollar, however fees are charged to your account in dollars and cents.

Example 2: Vanguard Diversified Growth Index Fund (Discretionary Investments option)

The following examples show fees and costs of investing in the Vanguard Diversified Growth Index Fund (Discretionary Investments option) through WealthSolutions, excluding any fees you have agreed directly with, and paid to, your financial adviser or their dealer group.

Example C: \$500,000		Example D: \$1,250,000	
Assuming an average account balance of \$500,000 over a 12-month period		Assuming an average account balance of \$1,250,000 over a 12-month period	
Account Administration costs:		Account Administration costs:	
First \$250,000 at 0.59% pa	\$1,475	First \$250,000 at 0.59% pa	\$1,475
Next \$250,000 at 0.44% pa	\$1,100	Next \$250,000 at 0.44% pa	\$1,100
		Next \$250,000 at 0.22% pa	\$550
		Next \$250,000 at 0.15% pa	\$375
Total Management Costs	\$2,575	Total Management Costs	\$3,500
Management costs as a percentage of your account balance	0.52% pa	Management costs as a percentage of your account balance	0.28% pa
Additional investment costs:		Additional investment costs:	
Fees to investment manager (ICR)	\$1,088	Fees to investment manager (ICR)	\$2,719
Brokerage on listed share transactions	\$156	Brokerage on listed share transactions	\$156
Total additional investment costs	\$1,244	Total additional investment costs	\$2,875
Total additional investment cost as a percentage of your account balance	0.25% pa	Total additional investment cost as a percentage of your account balance	0.23% pa
Total fees and charges	\$3,819	Total fees and charges	\$6,375
Fees and charges as a percentage of your account balance (0.52% + 0.25%)	0.77% pa	Fees and charges as a percentage of your account balance (0.28% + 0.23%)	0.51% pa

The following assumptions apply to these examples:

- 0.5% of the portfolio is held in the Cash Hub, 75% of the portfolio is held in managed funds and 24.5% of the portfolio is held in listed investments;
- Investment costs for the Vanguard Diversified Growth Index Fund (VAN0110AU) held through WealthSolutions are 0.29%;
- No additional commissions are payable in respect of the underlying investments selected by the investor;
- There are no adviser or dealer fees (being, Upfront, Ongoing and Ad hoc Adviser Service Fees and Ongoing Dealer Service Fees) included;
- Brokerage costs for listed investment transactions are \$39.00 (inclusive of GST and RITC) per transaction;
- Four listed security trades are made throughout the 12 month period;
- The example account is not geared. No income is reinvested;
- Fees are inclusive of GST and RITC; and
- In these examples fees are rounded to the nearest dollar, however fees are charged to your account in dollars and cents.

Changes to Complaints Resolution and External Dispute Resolution

Replace

The sections under 'Complaints resolution' and 'External dispute resolution' on page 35 of the IDPS Guide with the following:

Complaints resolution

At ClearView, we're never satisfied when it comes to doing better and our customers are very important to us. If something goes wrong, we're determined to make it right again. If you've had an experience with ClearView that you are not satisfied with, we're here to resolve the issue.

If you have a complaint, please call us on **132 977** or write to the following address:

Complaints Manager

ClearView

Reply Paid 4232

Sydney NSW 2001

Email: complaints@clearview.com.au

We will address your complaint within 45 days (or within any extended period you approve).

If you are not satisfied with how we respond to your enquiry or complaint, or we have not dealt with your complaint within 45 days (or within any extended period you approve), you may lodge your complaint with the Australian Financial Complaints Authority (AFCA). AFCA is the external dispute resolution scheme for financial services complaints. AFCA provides fair and independent financial services complaint resolution that is free to consumers and can be contacted on the details below:

Website: **afca.org.au**

Email: **info@afca.org.au**

Telephone: **1800 931 678** (free call)

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

Need more information?

Please speak to your financial adviser or contact WealthSolutions Service and Support Centre on **1800 023 549**.
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