



EXPAND

July 2024

Adviser use only

Separately Managed Accounts

Separately Managed Accounts (SMAs) offer an efficient way for your clients to gain exposure to a range of assets according to a defined investment strategy and objective. SMAs provide many benefits for your clients including professional management of investments, visibility of the assets held in the portfolio and the convenience of consolidated reporting.

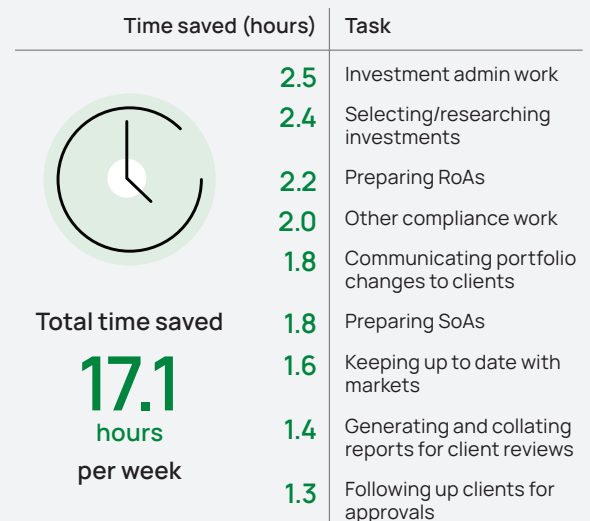
SMAs allow you to:

- manage all investments through the one platform via a super, pension or investment account, and
- choose from a range of options which vary in their investment objective, strategy, style and risk/return profile to meet your client's personal preferences and goals.

Top 5 reasons why advisers recommend managed accounts



Time saved each week using managed accounts



Source: Investment Trends, January 2023 Managed Funds Report

SMA model portfolios are now available on Expand. For more information, read the Product Disclosure Statement (PDS) or speak to your Business Development Manager.

What is an SMA?

An SMA is a contemporary investment structure offered by many investment (IDPS), superannuation and pension funds. The defining features of this structure include:

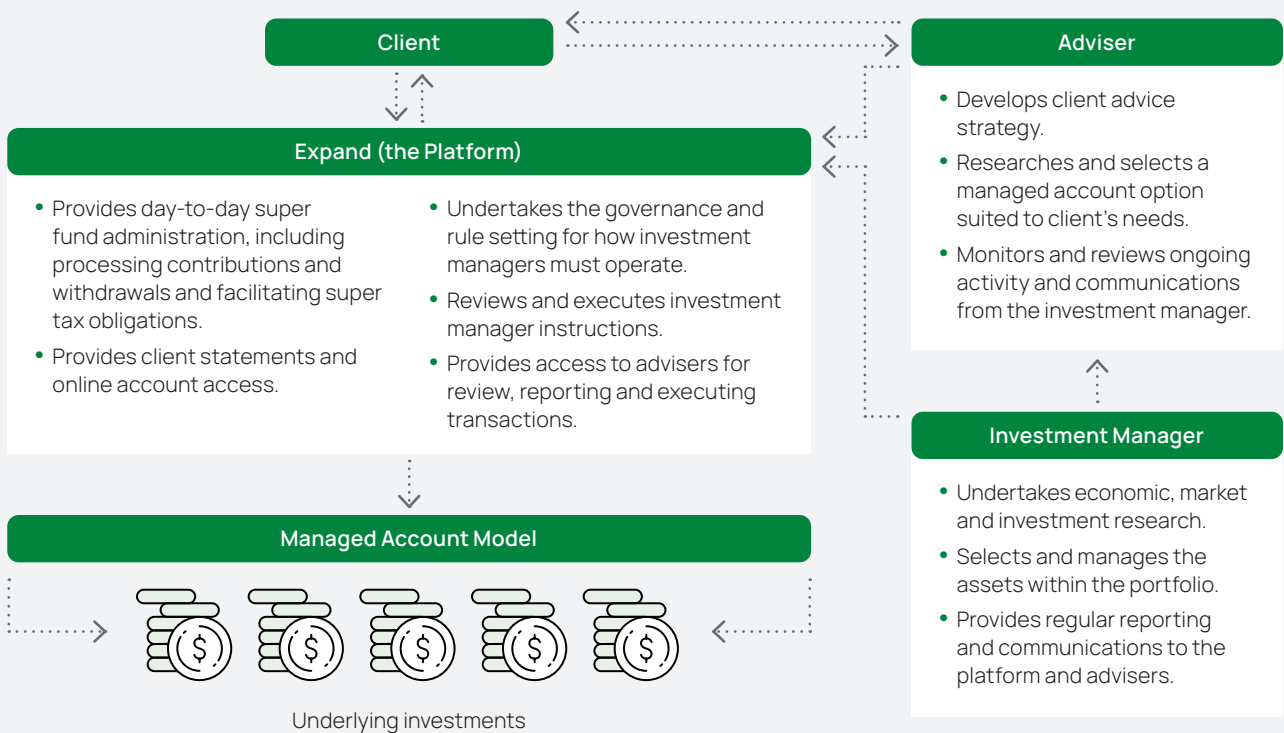
- Your clients have full transparency to the underlying investments within their SMA such as managed funds, shares and exchange traded funds (ETFs).
- This direct ownership structure may provide potential tax advantages by avoiding embedded capital gains tax liabilities.
- The day-to-day investment decisions of a particular managed account portfolio are overseen by a professional investment manager.
- Changes to managed account portfolios by the investment manager can be implemented as frequently

as required, without the time delays associated with administration paperwork.

- Your clients can see how their money is invested, providing better visibility of the assets in their portfolio, any transactions, ongoing performance, fees and costs.

This combination of individual exposure, professional management, timely execution and holdings transparency, is generally not available in a self-constructed portfolio or a single, multi-asset investment option.

The diagram below provides a high-level outline of a typical SMA structure, the key entities involved and the role they play in managing a client's portfolio.



Access a range of leading SMAs

Expand offers a wide range of SMAs which vary in their investment objective, strategy, style and risk/return profile to meet your clients personal preferences and goals, across two types of model portfolios:

- **Multi-asset model portfolios** invest in a range of assets including listed securities, managed funds, ETFs, cash and managed investment schemes.
- **Single sector model portfolios** cover a range of asset classes, such as Australian listed shares, Australian listed property trusts and Australian listed fixed income.

Meet the investment managers

We partner with names you know and trust so you can invest with confidence.



ausbil

BlackRock



JBWere

Lonsec

PENDAL



To meet the investment managers, visit myexpand.com.au/sma-investment-managers

SMAs available on Expand

Portfolio name	SMA type	Investment style
MLC Asset Management		
MLC Value Conservative 30	Multi-manager SMA	Blend of active and index
MLC Value Moderate 50	Multi-manager SMA	Blend of active and index
MLC Value Balanced 70	Multi-manager SMA	Blend of active and index
MLC Value Growth 85	Multi-manager SMA	Blend of active and index
MLC Value High Growth 98	Multi-manager SMA	Blend of active and index
MLC Premium Conservative 30	Multi-manager SMA	Active
MLC Premium Moderate 50	Multi-manager SMA	Active
MLC Premium Balanced 70	Multi-manager SMA	Active
MLC Premium Growth 85	Multi-manager SMA	Active
MLC Premium High Growth 98	Multi-manager SMA	Active
Antares Equities		
Antares Blue Chip Top 20	Australian equities SMA	Index
Antares Dividend Builder	Australian equities SMA	Income
Antares Elite Opportunities	Australian equities SMA	Core
Antares EX-20	Australian equities SMA	Growth

Portfolio name	SMA type	Investment style
Ausbil Investment Management Limited		
Ausbil Australian Concentrated Equities	Australian equities SMA	Core
Ausbil Industrials	Australian equities SMA	Core
BlackRock Investment Management		
iShares Enhanced Strategic Conservative	Multi-manager SMA	Index/Tactical Asset Allocation
iShares Enhanced Strategic Moderate	Multi-manager SMA	Index/Tactical Asset Allocation
iShares Enhanced Strategic Balanced	Multi-manager SMA	Index/Tactical Asset Allocation
iShares Enhanced Strategic Growth	Multi-manager SMA	Index/Tactical Asset Allocation
iShares Enhanced Strategic Aggressive	Multi-manager SMA	Index/Tactical Asset Allocation
iShares Enhanced Strategic All Growth	Multi-manager SMA	Index/Tactical Asset Allocation
DNR Capital		
DNR Capital Australian Equities High Conviction	Australian equities SMA	Core
DNR Capital Australian Equities Income	Australian equities SMA	Income
Elston Asset Management		
Elston Growth 50	Multi-manager SMA	Active
Elston Growth 70	Multi-manager SMA	Active
Elston Growth 85	Multi-manager SMA	Active
Elston Growth 97	Multi-manager SMA	Active
JB Were		
JBWere Income	Australian equities SMA	Income
JBWere Listed Fixed Income	Fixed income SMA	Income
Lonsec		
Lonsec Multi-Asset Managed Portfolios – Balanced	Multi-manager SMA	Active
Lonsec Multi-Asset Managed Portfolios – Growth	Multi-manager SMA	Active
Lonsec Multi-Asset Managed Portfolios – High Growth	Multi-manager SMA	Active
Lonsec Listed Managed Portfolios – Conservative	Multi-manager SMA	Active
Lonsec Listed Managed Portfolios – Balanced	Multi-manager SMA	Active
Lonsec Listed Managed Portfolios – Growth	Multi-manager SMA	Active
Lonsec Listed Managed Portfolios – High Growth	Multi-manager SMA	Active
Pendal		
Pendal Australian Share	Australian equities SMA	Income
Perennial		
Perennial Value Shares for Income	Australian equities SMA	Value/Income
Zenith Partners		
Zenith Essentials Moderate	Multi-manager SMA	Active
Zenith Essentials Balanced	Multi-manager SMA	Active
Zenith Essentials Growth	Multi-manager SMA	Active
Zurich		
Zurich Australian Listed Property	Listed Property SMA	Income

Features and benefits

Professional investment manager

SMA's offer the experience of a professional investment manager to manage portfolios in line with the models' investment objectives. Managers can make asset allocation changes and/or stock changes. The SMA changes are executed across all clients within the model, so each client will have the same timing and experience.

Efficiency

SMA model portfolios on Expand are easy to manage resulting in efficiency benefits for your business. Many of the administration processes for the SMA are the same as investing in a managed fund, from applications to reporting and processing.

Automatic payment of investment income

Investment income for the SMA model portfolios is received by the SMA as cash and initially deposited into the cash component of the respective model portfolio.

You can apply the following income preference settings for your clients:

- reinvest
- retain in Cash Account
- income instruction – percentage, or
- nominate SMA income to be redirected to a bank account for IDPS income.

Transparency

The SMA shows all listed securities and managed funds to your client on their reports. The investments are updated daily with the latest information and all holdings/units are transparent. For your clients looking for more control, they can see their listed securities and managed fund/units within the SMA model portfolio option and can view their list of investments on their reports and in their online account.

Consolidation of corporate actions

Corporate actions can sometimes cause confusion for the more passive style of client or those who are new to listed securities. Clients in the SMA will not receive communications relating to corporate actions, or provide any direction on how to act or vote. All decisions are made by the investment manager, who has the experience and expertise to understand this information and to seek to maximise any opportunities on their behalf.

Cost benefit of SMA models

Your clients can benefit from volume-based cost savings provided by SMA's as share trades are pooled with those of other investors. This pooling means that instead of typical brokerage charged as a percentage of the amount of the trade (subject to a minimum flat fee), the cost of brokerage is spread across a number of investors within each model portfolio.

Things to know about brokerage fees:

- Brokerage is charged at 0.12% per transaction (subject to a minimum of \$5.50).
- Brokerage is deducted from each model portfolio's cash component.
- The stockbroker is nominated by us.

Rebalancing your client's portfolio

Expand rebalances SMA model portfolios with optimal efficiency as sell and buy trades are processed simultaneously. This means you don't have to wait for sell proceeds to put through a buy.

Reweight timeframes

Based off standard trading times:

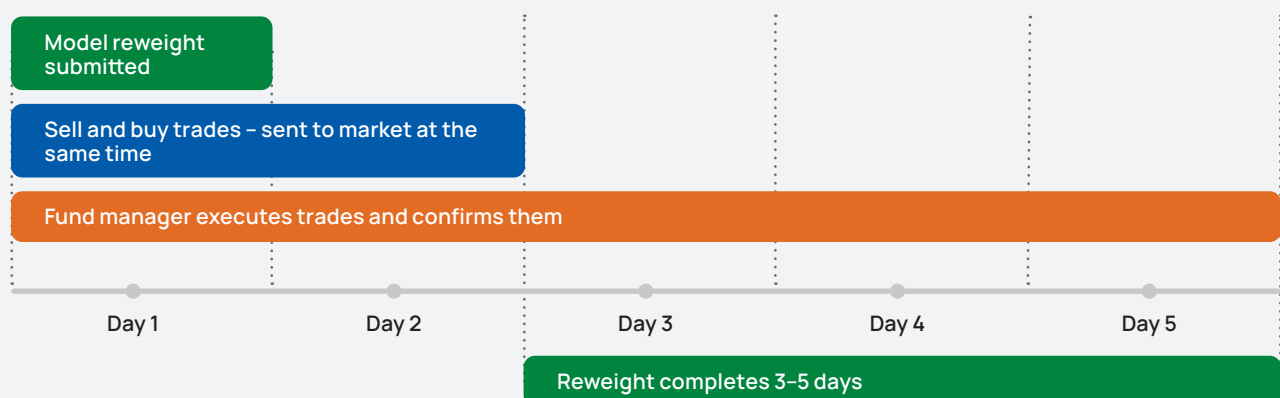
- Listed investments: **2 business days**
- Managed funds: **3–5 business days**

Managed funds are fast-tracked – buys and sells are submitted at the same-time.

There is no requirement to wait for sell proceeds before buys are submitted.

Overall rebalance time: 3–5 business days

SMA model reweight standard trading times



Tax optimisation and parcel segregation

Tax optimisation on Expand provides the ability to select the order in which parcels are disposed of in a sale to optimise the capital gains tax (CGT) outcome of the transaction for your clients' goals.

Expand has three tax optimisation options:

- **Minimise gain/ maximise loss** – Parcel(s) with the lowest estimated capital gains will be selected for disposal first.
- **Maximise gain/ minimise loss** – Parcel(s) with the highest estimated gains will be selected for disposal first.
- **First in first out** – Parcel with the oldest purchase date will be selected to be sold first.

Tax optimisation is set at the client account level. For example, if you set the tax optimisation method to Minimise gain/ maximise loss, this method will be used to select parcels for all sale transactions, including any SMA model portfolio transactions.

All tax parcels are segregated to the underlying SMA model portfolio. This means that assets held as part of an SMA are segregated between each SMA and from platform holdings. When selecting parcels to be disposed as part of a sale they'll be selected from the SMA model portfolio that is being sold.

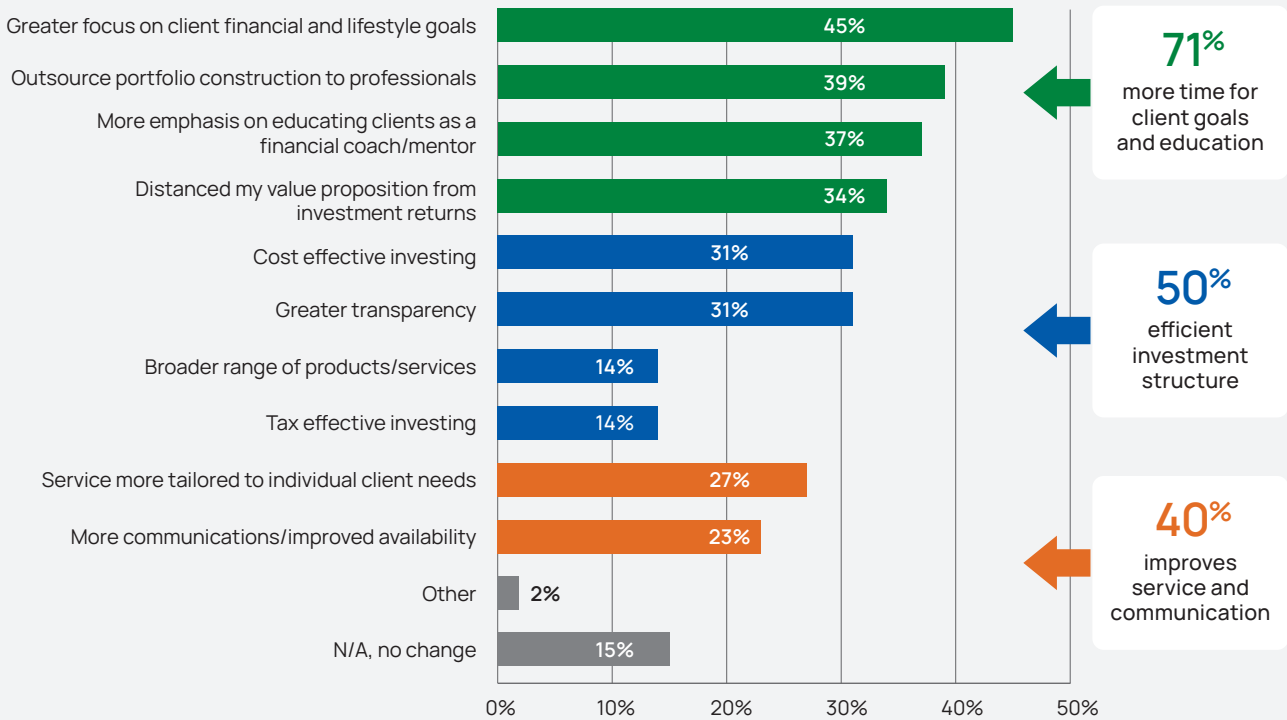
Example

A client owns BHP as a listed investment on the platform and also has BHP as part of an SMA. When selling BHP from their platform holdings, only these parcels will be selected as part of the sale. The BHP parcels held in any SMA model portfolios will not be sold. Similarly, when selling an SMA or rebalancing – only the parcels within the specific SMA model portfolio will be selected for disposal.

- Tax estimates are not available for SMA sells as the impacts aren't known until the rebalance is undertaken.
- Pending income may delay full account closures or transfers, in most instances partial transactions can proceed whilst waiting on income to be received

How has your client value proposition changed as a result of adopting managed accounts?

Among current managed account advisers



Source: Investment Trends, January 2023 Managed Funds Report

SMA MLC Premium Model Portfolios

MLC Premium Conservative 30

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, and ASX stocks.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 30% with the remaining 70% held within more defensive style asset classes.
- The portfolio targets a return (after fees) of CPI + 1.5% pa over the minimum recommended investment period of 3 years.

MLC Premium Moderate 50

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, and ASX stocks.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 50% with the remaining 50% held within more defensive style asset classes.
- The portfolio targets a return (after fees) of CPI + 2.0% pa over the minimum recommended investment period of at least 3 years.

MLC Premium Balanced 70

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, and ASX stocks.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 70% with the remaining 30% held within more defensive style asset classes.
- The portfolio targets a return (after fees) of CPI + 3.0% pa over the minimum recommended investment period of at least 5 years.

MLC Premium Growth 85

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, and ASX stocks.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 85% with the remaining 15% held within more defensive style asset classes.
- The portfolio targets a return (after fees) of CPI + 4.0% pa over the minimum recommended investment period of at least 7 years.

MLC Premium High Growth 98

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, and ASX stocks.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 98% with the remaining 2% held within liquid cash investments.
- The portfolio targets a return (after fees) of CPI + 4.5% pa over the minimum recommended investment period of at least 7 years.

The 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 while appropriately managing the overall levels of investment risk within the portfolio. MLC is also responsible for carefully selecting specialist, predominantly active investment managers to implement the exposures to each asset class they deem desirable.

SMA MLC Value Model Portfolios

MLC Value Conservative 30

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, ASX stocks and ETFs.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 30% with the remaining 70% held within more defensive style asset classes.
- The portfolio targets a return (after fees) of CPI + 1.25% pa over the minimum recommended investment period of 3 years.

MLC Value Moderate 50

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, ASX stocks and ETFs.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 50% with the remaining 50% held within more defensive style asset classes.
- The portfolio targets a return (after fees) of CPI + 1.75% pa over the minimum recommended investment period of at least 3 years.

MLC Value Balanced 70

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, ASX stocks and ETFs.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 70% with the remaining 30% held within more defensive style asset classes.
- The portfolio targets a return (after fees) of CPI + 2.50% pa over the minimum recommended investment period of at least 5 years.

MLC Value Growth 85

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, ASX stocks and ETFs.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 85% with the remaining 15% held within more defensive style asset classes.
- The portfolio targets a return (after fees) of CPI + 3.5% pa over the minimum recommended investment period of at least 7 years.

MLC Value High Growth 98

- This portfolio is focused on providing investors with above-inflation returns through a portfolio that's extensively diversified across asset classes, specialist investment managers, ASX stocks and ETFs.
- The portfolio's exposure to growth style assets over a long-term horizon is expected to be around 98% with the remaining 2% held within liquid cash investments.
- The portfolio targets a return (after fees) of CPI + 4.0% pa over the minimum recommended investment period of at least 7 years.

The investment manager, MLC Asset Management, can actively adjust the overall mix of assets and underlying manager within the portfolio based on their views as to which mix offers the best opportunity to meet the targeted returns while appropriately managing the overall levels of investment risk within the portfolio. In selecting underlying managers, MLC will utilise actively managed investments where they believe it can make the biggest difference to risks or returns, with passive investments utilised elsewhere to keep costs low.

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