

---

# PacReef Income Today Portfolio

1 April 2019

## About this Managed Portfolio Disclosure Document

This Managed Portfolio Disclosure Document (Disclosure Document) has been prepared and issued by HUB24 Custodial Services Ltd (ABN 94 073 633 664, AFSL 239 122) ('HUB24', the 'Operator', 'we', 'us' or 'our') as operator of the Investor Directed Portfolio Service (the 'Service'), about which you have expressed an interest or in relation to which you may be an existing investor.

**The information contained in this Disclosure Document should be read in conjunction to the Investor Directed Portfolio Service Guide for the Service ('IDPS Guide').** If you do not have a copy of the IDPS Guide, you can obtain a copy free of charge from your financial adviser or the Operator.

This Disclosure Document is intended only for the purposes of providing an overview of the key features of the managed portfolio available through the Service. The information contained in this Disclosure Document is not intended to be a definitive statement nor an endorsement that this managed portfolio is appropriate for you and should not be relied upon in making a decision to invest.

To understand all the fees payable when you select a particular investment option, you must refer to the IDPS Guide and the Product Disclosure Statement (or other disclosure document) for the investment option. Refer to the IDPS Guide for details.

Any statement made by a third party or based on a statement made by a third party in this Disclosure Document has been included in the form and context in which it appears with the consent of the third party, which has not been withdrawn as at the date of this Disclosure Document.

## General Advice Warning

The information in this Disclosure Document is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before acting on this information, you should consider its appropriateness, having regard to your individual objectives, financial situation, needs and circumstances.

Before making a decision about whether to acquire or continue to hold the PacReef Income Today Portfolio, you should consider the IDPS Guide. The IDPS Guide is available free of charge by contacting your financial adviser or the Operator. When designing the portfolio, the portfolio manager does not take into account any potential investors' investment objectives, financial situation or needs.

You should also consider the Product Disclosure Document (or other disclosure document) for any underlying investment options acquired under this managed portfolio before making any investment decision. Upon request, your financial adviser or the Operator must give you (free of charge) a copy of this documentation.

If you'd like to request a free printed copy of this Disclosure Document or have any questions or would like any more information about the PacReef Income Today Portfolio, please contact your financial adviser or the Operator.

## Eligibility

You can only invest in the Service if you are advised by a financial adviser (adviser), unless otherwise approved by us, so you can receive financial advice for each investment you are considering, including investments held through the managed portfolio described in this Disclosure Document.

---

<b>Managed portfolio</b>	PacReef Income Today Portfolio
<b>Portfolio manager</b>	The portfolio manager is PacReef Asset Management Pty Ltd (ABN 95 601 146 525, AFSL 488045) ('PacReef'). The portfolio manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.
<b>Execution of investment strategy</b>	HUB24 is responsible for implementing the investment instructions of the portfolio manager, by buying and selling of investments, taking into consideration, timing, trading costs (such as brokerage and currency costs, if applicable) and the mandate of the portfolio. HUB24 has the right to vary the managed portfolio, as set out in the IDPS Guide.
<b>Code</b>	PAC001
<b>Inception date</b>	09/04/2015
<b>Minimum initial investment amount</b>	No minimum
<b>Designed for</b>	The PacReef Income Today Portfolio is designed for investors seeking a growing income stream over time with below market volatility from income producing Australian securities.
<b>Investment objective</b>	The primary aim of the portfolio is to achieve a growing income stream, including franking credits, from the investments held. The overall objective of the portfolio is to achieve a total return, including capital gains, equal to or greater than 2% p.a. above the benchmark, before fees, over rolling 5 year periods.
<b>Investment strategy</b>	<p>The portfolio uses a bottom-up value investing approach to identify the appropriate securities to be held. This investment approach aims to identify a diversified mix of securities that produce a growing income stream purchased at fair, or below fair value.</p> <p>The portfolio will invest in ASX Listed securities and Cash within the asset allocation ranges set out below.</p> <p>Refer to the 'Investment strategy and process' section below for further details.</p>
<b>Investment universe</b>	ASX Listed Equities (excluding those classified as being within the GICS sectors of Energy or Metals & Mining), ASX Listed Real Estate Investment Trusts, ASX Listed Hybrid Securities and Cash.
<b>Benchmark</b>	ASX All Ordinaries (TR) (formerly known as the ASX All Ordinaries Accumulation Index)

---

---

**Asset allocation ranges**

	Minimum	Maximum	Expected long term average target*
S&P/ASX 200 Constituents	0%	100%	75%
ASX All Ordinaries Constituents (ex-S&P/ASX200)	0%	25%	15%
Hybrids Securities issued by S&P/ASX200 Constituents	0%	15%	5%
Cash	0%	100%	5%

\*The portfolio manager does not target a particular strategic asset allocation. The long term asset allocation represents the portfolio manager's indicative expected long-term average asset position.

**Portfolio income**

All income derived from this portfolio will be distributed to your cash account when received.

**Typical number of securities**

20-30

**Number of securities published to client**

All

**Turnover aim**

Portfolio management aims to keep turnover to a minimum and will typically rebalance the portfolio quarterly.

**Minimum suggested timeframe**

5 years

**Investment management fee**

0.615% p.a. (inclusive of GST and net of any RITC) of the balance in the portfolio.  
The investment management fee is calculated as a percentage of the managed portfolio calculated daily and deducted from your cash account monthly in arrears.  
The investment management fee is paid to HUB24 and used to remunerate the portfolio manager for its services in relation to the Service, and to meet the costs of the asset consulting and the investment management services associated with the portfolio.

**Investment performance fee**

N/A

**Other fees and costs**

For information about other fees and costs for trading within a managed portfolio, refer to the IDPS Guide (Part II) and the International Listed Securities Guide (if applicable).

---

---

## About the portfolio manager

### PacReef Asset Management Pty Ltd

PacReef provides a funds management overlay structure incorporating the rigor of a professional funds manager, to help advisers with portfolio construction, management, oversight and reporting. PacReef has in place the people, processes and systems to provide an industrial strength approach to constructing investment portfolios for advisers and their clients.

## Investment strategy and process

### Investment philosophy and process

PacReef's investment philosophy is that a disciplined approach to investment selection should result in outperformance over time. PacReef believes in robust portfolio risk management whereby both the strategy and the underlying investments selected should demonstrate historical achievement of investment objectives within reasonable volatility.

### Investment approach

The investment approach for the portfolio can be categorised as Bottom up Value investing.

PacReef's approach for this portfolio is based on the fact that long term performance is best achieved by investing in companies that produce a growing income stream (expressed as Earnings per Share). Whilst the short term movements in share prices can be unpredictable and often occur due to circumstances unrelated to the company itself, over the longer term share prices are reflections of the growing profitability of a company.

Further, by investing in companies which produce a growing income stream the overall performance of the portfolio is less reliant on share price movements and will seek to achieve a great deal of its total return from cash dividends and franking credits.

Therefore, PacReef's objective is to identify companies that offer above average earnings growth and to purchase shares and/or securities in those companies at fair, or below fair value.

The aim of this approach is to deliver above benchmark levels of income on a year to year basis with the potential for capital growth over the medium to long term.

The portfolio is prepared to hold securities in these companies during periods where the capital value of the stock either underperforms the benchmark or falls providing that our reviews of our underlying assumptions continue to indicate that the medium to long term outlook for investment is positive.

This is based on PacReef's belief that the market is often moved based on a very short term outlook for investments, whereas our strategy is focussed on the medium to long term outlook. However, should a review indicate these underlying assumptions have changed then PacReef may look to exit a stock regardless of its share price performance relative to the benchmark.

This strategy is expected to lead to lower turnover of the portfolio resulting in lower than average capital gains tax and higher than average franking credits when compared with other investment portfolios and managed funds.

Both reduced capital gains tax and increased franking credits may make this Portfolio a highly tax effective investment strategy. The income focus of this portfolio reduces the reliance on movements in share price to deliver positive results to investors.

The portfolio is largely Index agnostic which means the portfolio may experience significant tracking error when compared to the Benchmark.

## How the portfolio manager manages risk?

The portfolio manager is unable to eliminate all investment risks, but does analyse, research, manage and aim to reduce the impact of risks on investments by actively monitoring investment markets and the portfolio and use carefully considered investment and risk management guidelines.

## Risks

Before you consider investing in this portfolio, it's important you understand the risks that can affect your investments.

A summary of key risks is in the IDPS Guide. See the 'Risks' section in the IDPS Guide and please note this is not an exhaustive list of all the risks. The risks relevant to this portfolio reflect the underlying investments. For information about risks with regard to your personal situation speak to your adviser.

## Trade notifications

If the portfolio manager is planning to perform a rebalance or reallocation on your investment, HUB24 may send you an email notifying you of a set of pending investment instructions. This is called a trade notification.

The specific details of the investment instructions will be set out on InvestorHUB. You have a minimum of 24 hours from the time and date of the trade notification to cancel these pending investment instructions.

If you don't respond or take any action in relation to the pending investment instructions, the portfolio manager will submit the investment instructions on or around 10.00 am the next business day. If you opt out (i.e. do not consent) to the portfolio manager's proposed rebalancing or reallocation your investment in the managed portfolio will be withdrawn and be deposited into your cash account.

If you can't contact your adviser to cancel the pending investment instructions, you can give HUB24 verbal and or written instructions directly, as long as the verbal and or written instructions are received by HUB24 within the time frame mentioned above. The rebalance and reallocation of managed portfolios may occur regularly and you may receive a trade notification from HUB24 each time a rebalance or reallocation occurs.

Note: The trade notification feature has been developed to provide transparency and the right to veto any pending investment instructions within the agreed timeframe with your adviser or HUB24.

## Universe of investments

A managed portfolio can only be made up of asset classes and underlying assets and securities from the approved list of investments in the Service.

The portfolio manager will select from this list to construct this managed portfolio.

Where available, the actual list of assets and securities acquired in all of the above asset categories will be set out in your Statement of Advice.

## Contact details

Operator: HUB24 Custodial Services Ltd

Mail: GPO Box 529, Sydney NSW 2001

Email: [admin@hub24.com.au](mailto:admin@hub24.com.au)

Phone: 1300 854 994

Fax: 1300 781 689