
CARE Reserves Portfolio

8 March 2017

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has been included in the form and context in which it appears with the consent of the third party, which has not been withdrawn as at the date of this Disclosure Document.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 CARE Reserves 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 CARE Reserves 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.

Managed portfolio	CARE Reserves Portfolio
Portfolio manager	The portfolio manager is GPS Wealth Ltd (ABN 17 005 482 726, AFSL 254544) ('GPS Wealth'). 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.
Execution of investment strategy	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.
Code	GPS007
Inception date	30/04/2015
Minimum initial investment amount	No minimum
Designed for	<p>The portfolio is designed for investors;</p> <ul style="list-style-type: none"> - who are seeking a high level of income and a minimal potential for capital growth; - that are focused on capital preservation and are prepared to forego the potential of higher returns for lower volatility and the preservation of capital; and - seeking a minimum suggested investment timeframe of at least 4 years.
Investment objective	The portfolio aims to achieve a total return comprising dividend income and some capital growth over the medium to long term equal to or greater than the RBA Cash Rate before fees.
Investment strategy	<p>The portfolio investment strategy is designed for investors seeking primarily income-producing assets with little exposure to growth-oriented assets over the medium to long term. This combination of assets places emphasis on capital stability and income at the expense of capital appreciation over the investment timeframe.</p> <p>In general, the portfolio will hold around 0% in growth assets and 100% in income assets. However these allocations will be actively managed within the allowable ranges depending on market conditions.</p> <p>Refer to the 'Investment strategy and process' section below for further details.</p>
Investment universe	<p>The portfolio invests across a diversified range of fixed interest and cash. The portfolio can also invest in managed funds, managed portfolios, exchange traded funds (ETFs) and cash.</p> <p>Your adviser will provide you with the underlying disclosure documents which contain further information in relation to each underlying asset of the portfolio (i.e. risks, benefits, fees and costs payable in relation to the portfolio).</p>
Benchmark	RBA Cash Rate

Asset allocation ranges

	Minimum	Maximum	Expected long term average target*
Australian fixed interest	0%	98%	90%
International fixed interest	0%	98%	0%
Cash	2%	100%	10%

*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

N/A

Number of securities published to client

All

Turnover aim

The aim of the portfolio is to keep turnover to a minimum. However long term asset allocation will be reviewed monthly.

Minimum suggested timeframe

4 years

Investment management fee

0.297% p.a.inclusive of GST of the balance in the managed 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 investment management services associated with the portfolio. This fee is not paid to your adviser.

This fee will only be deducted where you have consented to the amount of the fee and its deduction from your cash account. If you do not provide your consent, you cannot invest via this portfolio.

In addition to the investment management fee, there may be indirect costs associated with the underlying investments held within the managed 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

GPS Wealth Ltd

GPS Wealth provides guidance on investment philosophy, strategic and tactical asset allocation advice, and assistance in the selection of the underlying investment managers for this portfolio.

GPS Wealth is a specialist financial services dealer group with offices based in Noosa, Queensland and Sydney, New South Wales. The GPS Wealth Investment Committee has overall responsibility for the governance and oversight of investment managers employed by GPS Wealth.

The Investment Committee oversees the investment philosophy, strategy, procedures, risk management and application of investment initiatives aimed at meeting the investment objectives of clients.

Investment strategy and process

Investment philosophy and process

GPS Wealth is a thematic investment manager, with its core philosophy being to provide an investment service that attempts to preserve capital by investing in asset classes that match their thematic view. GPS Wealth will select investments or specialist managers to manage investments that align with its macro view and outlook for the domestic and global economy.

GPS Wealth believes in diversification and that holding assets for the long term will deliver better returns than trading portfolios and timing the market in the short term. GPS Wealth will invest in Exchange Traded Funds (ETFs) to achieve diversified market exposure in asset classes and markets.

GPS Wealth will invest in ETFs wherever possible but will use managed funds where investment in ETFs is not viable, cost effective or where GPS believes that a best of breed specialist investment manager can enhance the outcomes to the client. When investing in managed funds, GPS will use independent external research to achieve its objectives.

GPS Wealth may also elect to appoint specialist investment managers to manage a direct investment mandate. Prior to appointment, the GPS Investment Committee will form the view that a managed fund cannot achieve the desired outcome and will undergo thorough due diligence on the specialist investment manager to ensure the capital preservation philosophy of the manager is aligned to GPS Wealth's philosophy.

GPS Wealth follows a 'CARE' investment philosophy, depending on the needs of each individual client. There are four components to the CARE approach to portfolios:

C – Core Portfolio

A – Active Portfolio

R – Reserves

E – Enhanced Portfolio

The Core Portfolios consist of a range of ETFs and managed funds providing diversification across asset classes. Asset allocation is the most important and influential part of the investment framework and GPS Wealth benefits from a practised and proven forecasting ability. In addition to the more commonly used quantitative tools.

In addition to the Core Portfolios, GPS Wealth manages an Active Portfolio to enhance a client's total portfolio return. This consists of investing in a range of sector specific ETFs and/or managed funds that are actively managed using a 'risk on/ risk off' approach.

The third component of the CARE investment process is the Reserves component. The Reserves Portfolio can consist of a range of cash and fixed interest instruments and managed funds that provide for minimal capital loss with relatively high yield.

The final component of the CARE investment process is the Enhanced Portfolios. GPS will appoint specialist investment managers to manage the Enhanced Portfolios.

Investment approach

The CARE Reserves Portfolio can consist of a range of cash and fixed interest instruments and managed funds that provide for minimal capital loss with relatively high yield.

There is no predetermined strategy for the apportionment of assets within the sub-classes of Fixed Interest, as prevailing interest rates, predicted changes in rates and the shape of the yield curve will determine the most appropriate sub-class from time to time.

Where GPS Wealth wishes to use more traditional style fixed interest bond investments, typically in a high interest rate environment, it will select the investments itself. When broad market interest rates are low, GPS will typically use registered managed investment schemes or select specialist investment managers to manage portfolios by mandate.

GPS's macroeconomic views have a strong influence on the income investments selected and the strategic asset allocation within this asset class determines the weighting across the credit investment universe being

analysed. The portfolio may include some or all of the following investments either directly where permitted or indirectly via permitted investments:

- Term deposits with an Australian authorised deposit taking institution;
- Commonwealth Government bonds;
- Semi-Government bonds;
- Corporate bonds;
- Exchange traded funds that physically invest in interest bearing securities;
- Australian preference shares;
- Australian listed hybrid securities;
- Australian floating and fixed rate notes;
- Debentures or unsecured notes of a corporation;
- Bank bills and NCDs; and
- registered managed investment schemes investing in any of the above instruments, mortgage investments and mortgage backed securities.

How the portfolio manager manages risk?

The portfolio manager is unable to eliminate all investment risks, but does analyse, manage and aim to reduce the impact of risks by actively monitoring investment markets and portfolios and through the use of carefully considered investment 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

Phone: 1300 854 994

Fax: 1300 781 689