

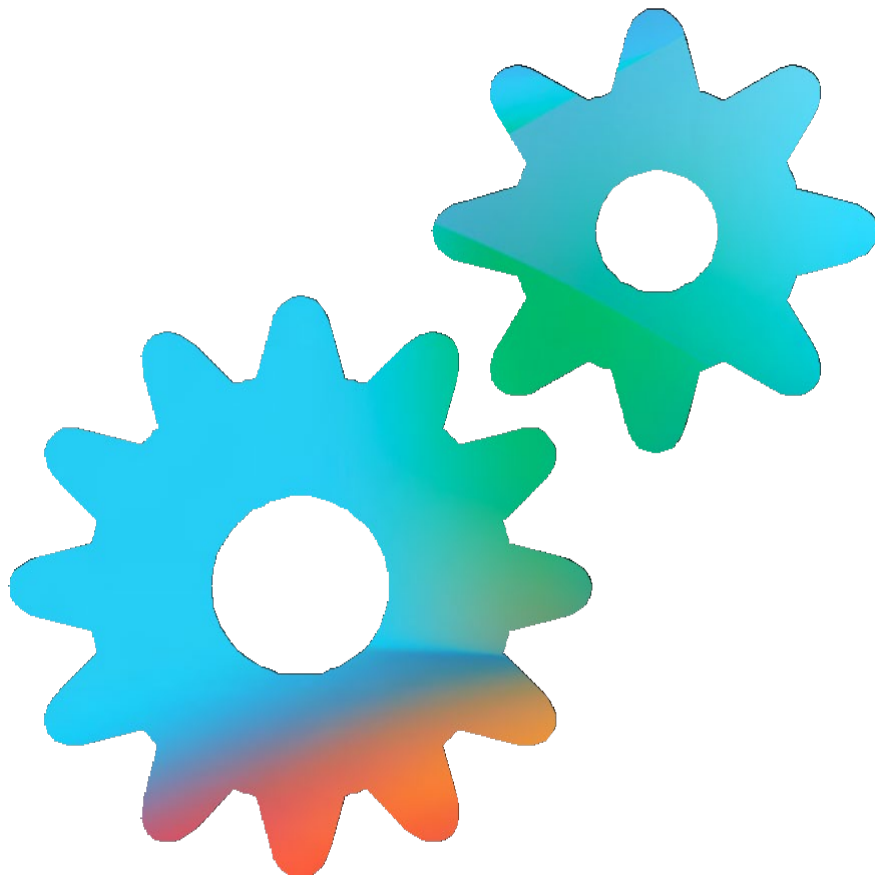
# Managed Account

Managed  
Model Profiles

1 October 2020

## Sterling Clime

Sterling Clime Conservative Model  
Sterling Clime Balanced Model  
Sterling Clime Growth Model  
Sterling Clime Australian Equities Model



This document has been prepared and issued by Netwealth Investments Limited (ABN 85 090 569 109, AFS Licence No. 230975) ('Netwealth', 'we', 'us' or 'our') as the Responsible Entity of the Netwealth Managed Account Service (ARSN 633 923 887) ('Managed Account'). In this document 'your managed account' means your interest in the Managed Account.

The information in this document, together with the information in the other Managed Models Profiles documents, Managed Models Menu and Managed Account Guide, is taken to be included in the Managed Account Product Disclosure Statement issued by Netwealth ('Managed Account disclosure documents').

This document describes the Sterling Clime Managed Models for which Netwealth has appointed Clime Asset Management Pty Limited (ABN 72 098 420 770, AFS Licence No. 221146) ('Clime') as the Model Manager.

If you received this document electronically, we will provide a paper copy free upon request. If obtaining an electronic copy, please ensure you have a complete copy of it, and all of the relevant Managed Account disclosure documents. You should consider all of the Managed Account disclosure documents that are relevant to you before making an investment decision.

The information in this document about Clime is based on information provided to us by Clime and:

- we have not independently verified the information provided by Clime and, to the extent permitted by law, take no responsibility for it;
- Clime and its related bodies corporate have not authorised or caused the issue of this document or the Managed Account disclosure documents or been involved in the preparation of them other than providing information about Clime and the investment philosophy and approach; and
- Clime and each of its related bodies corporate expressly disclaim and take no responsibility for any part of this document or the Managed Account disclosure documents other than in respect of any part of this document to which they have expressly given their consent.

We may choose not to implement the advice provided by Clime in relation to the investment portfolios for the Sterling Clime Managed Models where we believe that doing so may breach relevant law or result in an outcome that is not consistent with the investment mandate of the Sterling Clime Managed Models and we may adjust the investment portfolios of the Sterling Clime Managed Models in our absolute discretion.

An investment in the Managed Account is not a deposit with or other liability of Clime or any of its related bodies corporate and is subject to investment risk including possible delays in repayment and loss of income or principal invested. Clime and its related bodies corporate do not guarantee the performance of the Managed Account, the repayment of capital from the Managed Account or any particular rate of return.

Clime has given and not withdrawn its consent to be named in this document in the form and context in which it is named.

## Contact details

### Netwealth

#### Postal address

Netwealth Investments Limited  
PO Box 336  
South Melbourne VIC 3205

Freecall 1800 888 223

Phone 03 9655 1300

Fax 03 9655 1333

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

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

## Investors who may use these Managed Models

Netwealth has established the models described in this Managed Models Profiles document by arrangement with the Model Manager for the exclusive use of clients of certain advisers or adviser groups.

To invest in these models, you must have a Nominated Financial Adviser on your platform account who has been approved by Netwealth to use these models. To find out if these models are available to you, you can ask your financial adviser, contact Netwealth or log into your platform account and go to 'Compare funds & models'.

If you cease to have a Nominated Financial Adviser who has been approved by Netwealth to use these models, you may cease to have access to these models. If this occurs, we as platform operator will seek your instructions regarding the investments held in your managed account.

## About the Model Manager

Clime is a wholly owned subsidiary of Clime Investment Management Ltd (ABN 37 067 185 899). Clime Investment Management Ltd (ASX: CIW) is a publicly listed financial services group.

Clime is an Australian-based fund manager specialising in Australian equities and fixed income investing. Clime manages in excess of \$900 million through discretionary mandates for families, individuals and charities, retail and wholesale unit trusts for Australian and international investments, and the listed investment company Clime Capital Limited (ABN 99 106 282 777, ASX: CAM).

## Investment philosophy and approach

Clime's investment style is to focus on quality with a strong valuation discipline. Its primary focus is to achieve strong returns for clients in excess of the relevant investment benchmark for lower levels of risk. This is designed to grow and protect client capital in the accumulation phase and generate meaningful income in the retirement phase.

Clime believes investment markets are not always efficient and this creates opportunities. Clime invests with conviction, backed by rigorous research and a view that risks taken must be appropriately compensated.

The Clime investment process focuses on intensive bottom-up research to identify quality investments that are attractively priced and offer an appropriately compensated risk-reward relationship. This bottom-up research is supplemented by top-down macroeconomic views.

Risk management and capital preservation are key themes underlying the portfolio construction, with the aim to reduce asset specific risk and produce consistent and replicable returns.

## Distribution of income<sup>1</sup>

The model income setting for the models described in this document is to accumulate income.

This means income from investments held in your managed account accumulates in the form of cash and, as a result, the allocation to cash in the model is increased. The income remains as cash until the Model Manager alters the allocation to investments held in the model.

If you set your income instruction in your managed account to reinvest in the Managed Account, then the amount of cash remaining in your managed account following receipt of income in relation to the assets in your managed account is consistent with the increased cash allocation in the model and no rebalance transactions are likely to occur as a result of the income distribution until the Model Manager determines how to use the additional cash.

If you set your income instruction in your managed account to pay to your platform account cash account, you are instructing us as platform operator to make a partial redemption from your managed account. As a result, following receipt of income in relation to the assets in your managed account, there will be less cash in your managed account than the cash allocation in the model. Your managed account is rebalanced and investments are sold across all the models you hold to satisfy the increased cash allocation.

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<sup>1</sup> More information about the distribution of income is available in the Managed Account Guide.

# Sterling Clime Conservative Model

## Managed Model Profile | Model code MACC000173

Model Manager	Clime Asset Management Pty Limited																												
Investment objective and timeframe	The objective is to outperform the Morningstar Aus Msec Conservative Total Return AUD Index over rolling 5-year periods, after fees and costs.																												
Investment strategy	This is an actively managed diversified portfolio of securities across a broad range of asset classes. Australian equities exposure is typically implemented through the purchase of direct securities utilising Clime’s bottom up research to identify investments that are attractively priced and offer an appropriately compensated risk-reward relationship. Other asset classes are invested in using managed funds or exchange traded funds (ETFs). Asset allocations may vary depending on prevailing market conditions, however it is expected that over the cycle growth assets will average approximately 30%, while defensive assets will average approximately 70%.																												
Asset allocation ranges	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="text-align: left;">Asset class</th> <th>Minimum allocation (%)</th> <th>Neutral allocation (%)</th> <th>Maximum allocation (%)</th> </tr> </thead> <tbody> <tr> <td>Australian equities</td> <td>0</td> <td>20</td> <td>40</td> </tr> <tr> <td>International equities</td> <td>0</td> <td>5</td> <td>10</td> </tr> <tr> <td>Australian and international property</td> <td>0</td> <td>5</td> <td>20</td> </tr> <tr> <td>Alternatives</td> <td>0</td> <td>0</td> <td>10</td> </tr> <tr> <td>Australian and international fixed interest</td> <td>0</td> <td>60</td> <td>80</td> </tr> <tr> <td>Cash</td> <td>2</td> <td>10</td> <td>100</td> </tr> </tbody> </table>	Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)	Australian equities	0	20	40	International equities	0	5	10	Australian and international property	0	5	20	Alternatives	0	0	10	Australian and international fixed interest	0	60	80	Cash	2	10	100
Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)																										
Australian equities	0	20	40																										
International equities	0	5	10																										
Australian and international property	0	5	20																										
Alternatives	0	0	10																										
Australian and international fixed interest	0	60	80																										
Cash	2	10	100																										
Investment universe	ASX listed securities including equities and income securities, ASX listed ETFs, managed models, managed funds and cash. The model normally holds 15 to 50 investments.																												
Investment management fee	0.305% p.a.																												
Other estimated fees and costs	Our estimates of the cash fee, international securities fee (if applicable), indirect costs (if applicable) and transaction costs that apply for the current financial year are set out in the Managed Models Menu.																												
Model Fee	0.340% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser’s AFS licensee.)																												
Minimum investment amount	\$100,000																												

# Sterling Clime Balanced Model

## Managed Model Profile | Model code MACC000174

Model Manager	Clime Asset Management Pty Limited
Investment objective and timeframe	The objective is to outperform the Morningstar Aus Msec Balanced Total Return AUD Index over rolling 5-year periods, after fees and costs.
Investment strategy	This is an actively managed diversified portfolio of securities across a broad range of asset classes. Australian equities exposure is typically implemented through the purchase of direct securities utilising Clime's bottom up research to identify investments that are attractively priced and offer an appropriately compensated risk-reward relationship. Other asset classes are invested in using managed funds or ETFs. Asset allocations may vary depending on prevailing market conditions, however it is expected that over the cycle growth assets will average approximately 60%, while defensive assets will average approximately 40%.

### Asset allocation ranges

Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)
Australian equities	0	45	60
International equities	0	10	30
Australian and international property	0	5	20
Alternatives	0	0	10
Australian and international fixed interest	0	35	40
Cash	2	5	100

Investment universe	ASX listed securities including equities and income securities, ASX listed ETFs, managed models, managed funds and cash. The model normally holds 15 to 50 investments.
Investment management fee	0.305% p.a.
Other estimated fees and costs	Our estimates of the cash fee, international securities fee (if applicable), indirect costs (if applicable) and transaction costs that apply for the current financial year are set out in the Managed Models Menu.
Model Fee	0.340% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee.)
Minimum investment amount	\$100,000

# Sterling Clime Growth Model

## Managed Model Profile | Model code MACC000175

Model Manager	Clime Asset Management Pty Limited
Investment objective and timeframe	The objective is to outperform the Morningstar Aus Msec Growth Total Return AUD Index over rolling 5-year periods, after fees and costs.
Investment strategy	This is an actively managed diversified portfolio of securities across a broad range of asset classes. Australian equities exposure is typically implemented through the purchase of direct securities utilising Clime's bottom up research to identify investments that are attractively priced and offer an appropriately compensated risk-reward relationship. Other asset classes are invested in using managed funds or ETFs. Asset allocations may vary depending on prevailing market conditions, however it is expected that over the cycle growth assets will average approximately 80%, while defensive assets will average approximately 20%.

### Asset allocation ranges

Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)
Australian equities	0	60	80
International equities	0	15	30
Australian and international property	0	5	20
Alternatives	0	0	10
Australian and international fixed interest	0	15	60
Cash	2	5	100

Investment universe	ASX listed securities including equities and income securities, ASX listed ETFs, managed models, managed funds and cash. The model normally holds 15 to 50 investments.
Investment management fee	0.305% p.a.
Other estimated fees and costs	Our estimates of the cash fee, international securities fee (if applicable), indirect costs (if applicable) and transaction costs that apply for the current financial year are set out in the Managed Models Menu.
Model Fee	0.340% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee.)
Minimum investment amount	\$100,000

# Sterling Clime Australian Equities Model

## Managed Model Profile | Model code MACC000176

Model Manager	Clime Asset Management Pty Limited												
Investment objective and timeframe	The objective is to outperform the S&P/ASX200 Total Return Index over rolling 7-year periods, after fees and costs.												
Investment strategy	The strategy of this model is to invest in a diversified portfolio of direct Australian equities. The investment process is multi-faceted. It focuses primarily on intensive bottom-up research to identify quality investments that are attractively priced and offer an appropriately compensated risk-reward relationship. This bottom-up research is supplemented by top-down macroeconomic views. Risk management and capital preservation are key themes underlying the model construction. The aim is to reduce asset specific risk and produce consistent and replicable returns.												
Asset allocation ranges	<table><thead><tr><th>Asset class</th><th>Minimum allocation (%)</th><th>Neutral allocation (%)</th><th>Maximum allocation (%)</th></tr></thead><tbody><tr><td>Australian equities</td><td>0</td><td>95</td><td>98</td></tr><tr><td>Cash</td><td>2</td><td>5</td><td>100</td></tr></tbody></table>	Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)	Australian equities	0	95	98	Cash	2	5	100
Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)										
Australian equities	0	95	98										
Cash	2	5	100										
Investment universe	ASX listed equities, ASX listed investment companies, ASX listed ETFs and cash. The model normally holds 15 to 35 investments.												
Investment management fee	0.305% p.a.												
Other estimated fees and costs	Our estimates of the cash fee, international securities fee (if applicable), indirect costs (if applicable) and transaction costs that apply for the current financial year are set out in the Managed Models Menu.												
Model Fee	0.340% p.a. (This is a fee for advice that you agree with your financial adviser to be paid to the Model Manager or to your financial adviser's AFS licensee.)												
Minimum investment amount	\$25,000												