



EXEL SUPER

e s s e n t i a l s

Investment Guide

1 May 2019

The ExelSuper SuperSMA PDS is issued by Diversa Trustees Limited ("The Trustee") ABN 49 006 421 638, AFSL 235153, RSE Licence No. L0000635 in their capacity as trustee of the Praemium SMA Superannuation Fund ("ExelSuper SuperSMA" or "the Fund") ABN 75 703 857 864. "ExelSuper SuperSMA" is a product issued from the Fund. Praemium Australia Limited ("Praemium") ABN 92 117 611 784 is the Sponsor of the ExelSuper SuperSMA.

The Fund invests exclusively in the Separately Managed Accounts ARSN 114 818 530 scheme of which Praemium is the Responsible Entity (the Scheme).

This guide forms part of the ExelSuper SuperSMA PDS dated 4 February 2019 (PDS) and provides information on the investments available through the Praemium SMA Superannuation Fund. You should read this information before deciding whether to join the ExelSuper SuperSMA.

The information in this guide is of a general nature. It has been prepared without taking into account your investment objectives, circumstances, financial situation or needs. Before acting on the information in this PDS you should consider your own objectives, circumstances, financial situation and needs.

You should also consider seeking the advice of a licensed financial adviser. This publication is not intended to be, and should not be construed in any way as, investment, legal or financial advice.

The information in this guide is correct as at the date of publication. In the event of a material change occurring to any information contained in this guide, irrespective of whether it is adverse or not, the Trustee will notify existing members in writing within the time frames required by law. Updated information is available online at <http://www.praemium.com.au/exelsuper>.

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ExelSuper SuperSMA

CONTENTS

Available Insurers	3	Exelsuper Balanced	10
Additional explanation of Performance Fees	4	Exelsuper Growth	11
Holding restrictions applied to investments	5	Exelsuper High Growth	12
Single Asset Model Portfolios	6	Exelsuper Alpha	13
ASX Listed Securities	6	Exelsuper ASX Traded Bonds	14
ASX Listed Hybrids	6	Managed Account Cash	15
Multi-Asset Model Portfolios			
Exelsuper Defensive	7		
Exelsuper Dividend Yield	8		
Exelsuper Conservative - Growth	9		

Available Insurers

AIA		
Priority Protection for Platform Investors		
Contact	AIA Adviser Services	1800 033 490
	AIA Customer Services	1800 333 613
Website	www.aia.com.au	

TAL		
Accelerate Protection for Investment Platform		
Contact	TAL Adviser Services	1300 286 937
	TAL Customer Services	1300 209 088
Website	www.tal.com.au	

Zurich		
Wealth Protection		
Contact	Zurich Adviser Services	1800 500 655
	Zurich Customer Services	1800 500 655
Website	www.zurich.com.au	

Additional explanation of Performance Fees

Performance Fees may be paid to a Model Portfolio Manager if a Model Portfolio adds value over a benchmark. The benchmark may be an index, an amount in excess of an index, zero or a specified return (for example 2% or the RBA Cash Rate).

The value added for each Model Portfolio relative to the benchmark is calculated for each Account each day of the performance period. Performance periods are calendar months unless otherwise stated in the Model Portfolio profile.

If the total value added for the period is negative no Performance Fee is payable and this amount is carried forward to the next period. A Performance Fee is only paid at the end of the performance period if the total value added for the period, plus any value added or carried forward from previous performance periods, is positive. Value added for a Model Portfolio includes all dividends but excludes any franking credits unless otherwise stated.

This means you will not pay a Performance Fee unless the total value added relative to the benchmark since inception for your Account is higher than at the end of any previous performance period.

Some Models may impose an additional condition, which is that a Performance Fee is only paid where the return of the Model, after payment of Performance Fees (absolute return), is positive. Where the return of the Model is negative, the Performance Fee otherwise payable is carried forward.

The Performance Fee calculation is specific to each Account, so for any particular Model Portfolio over a performance period, some Accounts may be charged a Performance Fee while others are not, depending on the circumstances applicable to each investor's particular Account. For example, the timing of when the Account invested in a Model Portfolio will influence what, if any, Performance Fee is charged to the Account in respect of its allocation to that Model Portfolio. For Performance Fee calculation purposes, we consider only the Model Portfolio's performance and the weighting of your Account to the particular Model. We ignore individual customisations and exclude the minimum cash component.

Examples of calculation of Performance Fee

The following examples are simplistic and for illustrative purposes only and may not reflect the actual Performance Fee charged to your Account.

Example 1. Value added over a benchmark

Assume an amount of \$100,000 is invested for 12 months, and the Performance Fee is calculated annually.

If the Model Portfolio's return for the year is 25% and the benchmark return is 20% then the excess performance is 5% and the Performance Fee would be calculated as follows:

- the investment return achieved is 25% of \$100,000 = \$25,000

- the benchmark return is 20% of \$100,000 = \$20,000
- value added (excess performance above benchmark) is (\$25,000 - \$20,000) = \$5,000

If the Performance Fee is 25% of excess performance above benchmark, then the fee charged by the Responsible Entity would be 25% of \$5,000 = \$1,250.

If the Performance Fee is 10% of excess performance above benchmark, then the fee charged by the Responsible Entity would be 10% of \$5,000 = \$500.

Example 2. Value added over an amount in excess of a benchmark

Assume an amount of \$100,000 is invested for 12 months, and the Performance Fee is calculated annually. If the Model Portfolio's return for the year is 25% and the benchmark return is 20% and the performance fee is based on the benchmark plus 2% then the excess performance is 25% - (20% + 2%) = 3% and the Performance Fee would be calculated as follows:

- the investment return achieved is 25% of \$100,000 = \$25,000
- the benchmark return plus 2% is (20% + 2%) of \$100,000 = \$22,000
- value added (excess performance above benchmark) is (\$25,000 - \$22,000) = \$3,000

If the Performance Fee is 25% of excess performance above the benchmark plus 2%, then the fee charged by the Responsible Entity would be 25% of \$3,000 = \$750.

If the Performance Fee is 10% of excess performance above the benchmark plus 2%, then the fee charged by the Responsible Entity would be 10% of \$3,000 = \$300.

Example 3. Performance must be greater than zero (absolute return)

Assume an amount of \$100,000 is invested for 12 months, and the Performance Fee is calculated annually. If the Model Portfolio's return for the year is -3% and the benchmark return is -5% then the excess performance is 2%. No Performance Fee would be payable as the Model Portfolio's return is less than 0%. However, the Performance Fee would be carried forward as follows:

- the investment return achieved is -3% of \$100,000 = -\$3,000
- the benchmark return is -5% of \$100,000 = -\$5,000
- value added (excess performance above benchmark) is (-\$3,000 - [-\$5,000]) = \$2,000

At the end of the next performance period \$2,000 will be added to the value added calculated for the new period. Though calculated daily the Performance Fees are assessed monthly, therefore you will only pay Performance Fees in respect of a Model Portfolio which added value over the month.

Holding restrictions applied to investments

Investment holding limits applied to single assets

The Trustee has set limits on how much you can invest in each individual managed fund, Exchange Traded Fund or listed security. For the security limit for individual managed funds, ETFs and Exchange Traded Bonds, please refer to the Single Asset Model Portfolios on the following pages.

The following holding restrictions apply to investments in listed securities. However, the Trustee reserves the right to place a different holding restriction on any security. The holding restriction may be temporary or permanent.

Listed securities holding limits

Security type	Single security limits
ASX Top 10 stocks	A maximum of 25 percent of a Member's Account balance can be invested in a single listed security holding within the ASX Top 10 stocks by market capitalisation.
Listed securities outside of the ASX Top 10 stocks but within the ASX Top 300	A maximum of 20 percent of a Member's Account balance can be invested in a single listed security holding for securities outside of the ASX Top 10 stocks but within the ASX Top 300 by market capitalisation.
Listed securities outside of the ASX Top 300	A maximum of 10 percent of a Member's Account balance can be invested in a single listed security holding for securities outside of the ASX Top 300.
Listed trusts including Listed Investment Companies (LICs), Exchange Traded Managed Funds (ETMFs) and Exchange Traded Funds (ETFs)	A maximum of 50 percent of a Member's Account balance can be invested in a single listed trust.
Listed interest rate securities*	A maximum of 20 percent of a Member's Account balance can be invested in a single listed interest rate security. An aggregated holding limit of 50% applies for investments in Exchange Traded Bonds.

*An interest rate security is a security that pays a fixed and/or floating rate of return. This return can be in the form of interest or dividends. The issuer (generally a listed company) usually promises to pay the holder a specified rate of interest (a coupon) during the life of the Interest Rate Security and to repay the face value (issue price or the principal) of the Interest Rate Security at a predetermined time (maturity date).

Investment holding limits applied to international listed securities

Predominantly the listed securities will comprise securities that are constituents of the MSCI World Index. The Trustee has imposed an upper holding limit of 20% on investment in any given international listed security available through the Fund. The Trustee reserves the right to impose a lower limit on any single security.

Single Asset Model Portfolios

ASX Listed Securities

Many of the largest 300 Australian Securities Exchange (ASX) listed securities and additional ASX listed securities approved by the Trustee are available as single asset models using the ASX ticker as the model code. Please refer to “Holding restrictions applied to investments” on page 5 of this Investment Guide for more information on limits that apply. A list of available securities is accessible at www.praemium.com/resources.

ASX Listed Hybrids

Many ASX listed hybrids are available as single asset models using the ASX ticker as the model code. See www.asx.com.au for more information on hybrids. Please refer to “Holding restrictions applied to investments” on page 5 of this Investment Guide for more information on limits that apply. A list of available securities is accessible at www.praemium.com/resources.

Model Portfolio Profile: ES0001

Exelsuper Defensive

Investment objective: To achieve a return of 1% in excess of the RBA cash rate. Exelsuper's Investment managers will invest in asset classes whose anticipated returns, achieve the stated objective return, with a focus on the preservation of capital over the long term.

Investment description

A diversified model weighted significantly to defensive assets and with approximately 20% in growth assets. This portfolio is dominated by cash and fixed interest assets.

Who is this option suitable for?

Your investment style suggests you do not wish to take on any investment risk. Your main priority is safeguarding your investment capital, and you are prepared to sacrifice higher returns for peace of mind. Generally, the most appropriate strategy for someone with a defensive risk profile is to invest 80% in income and 20% in growth assets.

Benchmark

Morningstar Multi-Sector Defensive Market Index

Number of stocks

10 - 15

Suggested minimum model investment

No fixed minimum

Risk level

Low to Medium. Negative return 1 year in every 20 years.

Suggested minimum time frame

1 year

Fees

Investment fee	0.50% p.a.
Indirect Cost Ratio (approx)*	0.32% p.a.
Performance fee	Nil

* Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information
Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Australian equities	0	10	10
International equities	0	5	10
Property	0	5	5
Fixed interest	50	50	70
Cash	30	30	100

Model Portfolio Profile: ES0002

Exelsuper Dividend Yield

Investment objective: To invest in a stable portfolio of investments with the focus on income generation and liquidity, and some long-term growth to aid capital replacement.

Investment description

A diversified model with a focus on generation of tax effective income components and will generally ensure that asset allocations is weighted 55% defensive assets and 45% growth assets. High exposure to Fixed Income securities, but also some exposure to share and property markets.

Who is this option suitable for?

Your investment style suggests you are prepared to accept a small amount of risk; however, your priority remains preserving your capital over the medium to long term. Generally, the most appropriate strategy for someone with a conservative risk profile is to invest 55% in income and 45% in growth assets.

Benchmark

Morningstar Multi-Sector Balanced Market Index

Number of stocks

10 - 15

Suggested minimum model investment

No fixed minimum

Risk level

Medium - High. Negative return 3 years in every 20 years.

Suggested minimum time frame

2 years

Fees

Investment fee	0.50% p.a.
Indirect Cost Ratio (approx)*	0.25% p.a.
Performance fee	Nil

* Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information

Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Australian equities	10	20	30
International equities	5	15	15
Property	0	10	10
Fixed interest	20	35	60
Cash	15	20	50

Model Portfolio Profile: ES0003

Exelsuper Conservative - Growth

Investment objective: To invest in a stable portfolio of investments with the focus on long term steady growth, maintaining some liquidity

Investment description

A diversified model with a focus on the generation of tax effective income components, and exposure to some growth assets that are intended to demonstrate capital appreciation over the long term, yet maintain a weighting heavily towards defensive assets to aid capital preservation in volatile times. This portfolio typically demonstrates asset allocation weighted 55% defensive assets and 45% growth assets.

Who is this option suitable for?

Your investment style suggests you are prepared to accept a small amount of risk; however, your priority remains preserving your capital over the medium to long term. Generally, the most appropriate strategy for someone with a conservative risk profile is to invest 55% in income and 45% in growth assets.

Benchmark

Morningstar Multi-Sector Moderate Market Index

Number of stocks

10 - 15

Suggested minimum model investment

No fixed minimum

Risk level

Medium - High. Negative return 3 years in every 20 years.

Suggested minimum time frame

2 years

Fees

Investment fee	0.50% p.a.
Indirect Cost Ratio (approx)*	0.32% p.a.
Performance fee	Nil

* Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information

Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Australian equities	10	20	30
International equities	5	15	15
Property	0	10	10
Fixed interest	20	35	60
Cash	15	20	50

Model Portfolio Profile: ES0004

Exelsuper Balanced

Investment objective: To provide the investor with a balance of exposure to growth orientated equities, and exposure to companies with fully franked, reliable dividend income, as well as long-term growth opportunities from international equities via ETFs.

Investment description

A diversified model with a focus on generation of long term growth mixed with reliable income from dividend yields, and underpin the portfolio with exposure to cash and fixed interest assets. Target asset allocations is weighted 40% defensive assets and 60% growth assets.

Who is this option suitable for?

Your investment style suggests you have some understanding of investment markets and their behaviour, and are prepared to take short-term risks to gain long-term capital growth. Generally, the most appropriate strategy for someone with a moderate risk profile is to invest 40% in income and 60% in growth assets.

Benchmark

Morningstar Multi-Sector Balanced Market Index

Number of stocks

10 - 25

Suggested minimum model investment

No fixed minimum

Risk level

Medium - High. Negative return 3 years in every 20 years.

Suggested minimum time frame

3 years

Fees

Investment fee	0.50% p.a.
Indirect Cost Ratio (approx)*	0.34% p.a.
Performance fee	Nil

* Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information

Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Australian equities	20	25	35
International equities	15	25	25
Property	5	10	15
Fixed interest	30	30	40
Cash	0	10	10

Model Portfolio Profile: ES0005

Exelsuper Growth

Investment objective: To generate long-term capital growth and ensure over the full market cycle. Exposure to higher growth focused assets, with a balance allocated towards yield focused equities to create long-term consistent income stream from fully franked dividends.

Investment description

A diversified model with a focus on long term growth strategies utilising a mixture of high dividend yield plays from ASX top 50 stocks and a mix of mid cap and small cap stocks delivering high growth potential. The portfolio and will generally be weighted 20% defensive assets and 80% growth assets.

Who is this option suitable for?

Your investment style suggests you are seeking a greater growth component in your investment portfolio, with some income to smooth volatility in your returns. Although you remain cautious of taking on extreme levels of risk, your general understanding of investment markets enables you to feel comfortable with short-term risk. Generally, the most appropriate strategy for someone with a growth risk profile is to invest 20% in income and 80% in growth assets.

Benchmark

Morningstar Multi-Sector Growth Market Index

Number of stocks

10 - 25

Suggested minimum model investment

No fixed minimum

Risk level

High. Negative return 4 years in every 20 years.

Suggested minimum time frame

4 years

Fees

Investment fee	0.50% p.a.
Indirect Cost Ratio (approx)*	0.28% p.a.
Performance fee	Nil

* Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information
Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Australian equities	30	35	50
International equities	20	25	30
Property	10	15	20
Fixed interest	10	15	20
Other/alternative	0	5	15
Cash	0	5	10

Model Portfolio Profile: ES0006

Exelsuper High Growth

Investment objective: High Growth focuses on capital appreciation of assets over the long term, to deliver growth in portfolios without the need for income generation or liquidity.

Investment description

A diversified model with a focus on generation of long term growth over a complete investment cycle and endeavours to identify undervalued assets. This portfolio does not generally pay high income levels, nor focuses on liquidity needs, but rather the increase of capital value over time.

Who is this option suitable for?

Your investment style suggests you are prepared to sacrifice short-term safety to maximise the value of your investments through long-term capital growth. However, you do not wish to make unbalanced investment decisions. Generally, the most appropriate strategy for someone with an aggressive risk profile is to invest 100% in growth assets.

Benchmark

Morningstar Multi-Sector Aggressive Market Index

Number of stocks

10 - 25

Suggested minimum model investment

No fixed minimum

Risk level

High. Negative return 5 years in every 20 years.

Suggested minimum time frame

5 years

Fees

Investment fee	0.50% p.a.
Indirect Cost Ratio (approx)*	0.33% p.a.
Performance fee	Nil

* Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information

Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Australian equities	50	50	70
International equities	20	25	30
Property	5	10	15
Fixed interest	0	5	10
Other/alternative	0	5	15
Cash	0	5	10

Model Portfolio Profile: ES0007

Exelsuper Alpha

Investment objective: Exelsuper Alpha focusses on capital appreciation of assets over the long term, to deliver growth in portfolios with some income generation – specifically Australian share investments that sit outside the ASX50 along with other “alternative” investments such as Australian Bank Hybrid investments.

Investment description

Exelsuper’s investment team will focus on generation of long term growth over a complete investment cycle and endeavours to identify undervalued assets. This portfolio does not generally pay high income levels, nor focusses on liquidity needs, but rather the increase of capital value over time.

Who is this option suitable for?

Your investment style suggests you are prepared to sacrifice short-term safety to maximise the value of your investments through long-term capital growth. However, you do not wish to make unbalanced investment decisions. Generally, the most appropriate strategy for someone who wishes to invest in these alternative investments is one that seeks an aggressive risk profile.

It is recommended that this Alpha Portfolio only make up a maximum of 15% of your total portfolio, i.e. this Model should be used in conjunction with another Model.

Benchmark

Morningstar Multi-Sector Growth Market Index

Number of stocks

10 - 25

Suggested minimum model investment

No fixed minimum

Risk level

High. Negative return 5 years in every 20 years.

Suggested minimum time frame

5 years

Fees

Investment fee	0.50% p.a.
Indirect Cost Ratio (approx)*	0.11% p.a.
Performance fee	Nil

* Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information

Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Australian equities	50	60	70
International equities	5	10	15
Property	5	10	15
Fixed interest	0	5	10
Other/alternative	0	10	15
Cash	0	5	10

Model Portfolio Profile: ES0008

Exelsuper ASX Traded Bonds

Investment objective: The portfolio will be selected from the universe of ASX traded XTBs which aim to construct a fixed-income Model Portfolio with its aim to provide the investor with a regular and predictable income stream from investment-grade securities and to provide a return of capital from maturing investments. The objective is also to provide a low volatility portfolio that aims to have a Yield to Maturity above the Composite Bond Index.

Investment description

Exelsuper's investment team will focus on the generation of income, and preservation of capital it will achieve this by retaining the Bonds selected through to maturity. This provides certainty of income and of the future capital value at maturity. This portfolio is dominated by Exchange Traded Bonds via XTB. XTB's are a wide range of securities traded on the Australian Securities Exchange (ASX). XTBs seek to combine the income and financial capital stability that is available from corporate bonds, with the transparency and liquidity of the ASX.

Who is this option suitable for?

Your investment style suggests you want certainty of investment income and returns offered by bonds when held to maturity. Your main priority is that you are looking for a defensive investment that has low or negative correlation to equities via investment grade bonds. You are keen to safeguard your investment capital, and you are prepared to sacrifice higher returns for peace of mind. Generally, the most appropriate strategy for someone with a defensive/Bond risk profile is to invest 90% in income and 10% in growth assets.

Benchmark

Bank Bill Index

Number of stocks

5 - 12

Suggested minimum model investment

No fixed minimum

Risk level

Low to Medium. Negative return 1 year in every 20 years.

Suggested minimum time frame

1 year

Fees

Investment fee	0.25% p.a.
Indirect Cost Ratio (approx)*	0.35% p.a.
Performance fee	Nil

You can invest a maximum of 50% of your account balance in this model.
 * Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information
 Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Fixed interest	80	90	100
Cash	0	10	20

Model Portfolio Profile: MACAUD

Managed Account Cash

Investment objective: To provide a low-risk investment return by investing in cash assets with high liquidity.

Investment description

All cash monies are held in a bank account or invested in a SMA holding in a cash fund.

Who is this option suitable for?

Investors who:

- seek a low-risk investment with regular income; and
- seek capital preservation.

Benchmark

Not applicable

Number of stocks

Not applicable

Suggested minimum model investment

No fixed minimum

Risk level

Low. Negative return less than 1 years in every 20 years.

Suggested minimum time frame

1 year

Fees

Investment Fee	Nil
Indirect Cost Ratio (approx)*	0.00% p.a.
Performance Fee	Nil

*Indirect Cost Ratio (approx) does not include Cash Holding Fee; see PDS for further information.

Further information on all Model Portfolios can be found in the Scheme PDS at www.praemium.com.au/exelsuper

Asset allocation ranges (%)			
	Min	Target	Max
Cash	100	100	100