CONFIDENTIAL DOCUMENT

STATEMENT OF ADVICE

for

Terrigal Surf Life Saving Club

on

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FORTUNITY

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1. Executive Summary

Advice Sought

You have come to us seeking advice in relation to the investment of Terrigal SLSC's capital. Terrigal SLSC has been given custodianship of the funds, with the dominate purpose being to further rescue and water safety within Terrigal SLSC areas of operations.

You have $750,000 available for investment and require that all recommendations be in line with Terrigal SLSC's investment policy:

- Investment Account - You have allocated $500,000 for short-term, liquid investments to provide for working capital and renovations or improvements if necessary.
- Capital Account – You have allocated $250,000 for medium to long-term investment in order to seek higher investment returns.

Scope of Our Advice

Your instructions to us have limited the extent of our advice to Terrigal SLSC's investment portfolio. This advice is limited to the investment recommendations and does not take into account the entire financial position of the organisation.

Investment Objectives

Terrigal SLSC's investment objective is invest the funds in line with its investment principals, whilst taking into account the organisations risk and return preferences, in order to provide further rescue and water safety within Terrigal SLSC areas of operations.

Risk Profile

In order to achieve the investment objectives you are comfortable investing the 'Investment Account' in cash and term deposits and you are comfortable investing the 'Capital Account' in 50% growth assets and 50% defensive assets.

Investment Platforms

For the 'Investment Account' we have recommended the Australian Money Market Term Deposit Service (AMM) for the investment of term deposits. The facility enables us to view various institutions and compare current interest rates before selecting the best rate and deposit for you.

For the 'Capital Account' we have recommended managed funds for their diversification benefits. For ease of administration we recommend you invest in managed funds via the Macquarie Investment Consolidator II 'wrap' platform. The facility provides significant flexibility to tailor the investment portfolio to meet Terrigal SLSC's objectives and provides simplified administration, record keeping and consolidated tax reporting. It also allows us the opportunity to facilitate any necessary future investment changes quickly.

Capital Account Investment Portfolio Recommendations

We recommend that the available funds be invested into a diversified portfolio of investments in line with the asset allocation appropriate to your risk profile as follows:

Macquarie Investment Consolidator II - Elevate	Proposed Value
	$
Cash	
Macquarie Cash Account	2,000
Fixed Interest	
Ardea Real Outcome Fund	15,000
Janus Henderson Tactical Income Fund	40,000
Macquarie Income Opportunities Fund	14,000
Perpetual Dynamic Fixed Income Fund	40,000
Realm High Income Fund	14,000
	123,000
Property & Infrastructure	
Magellan Infrastructure Fund (Hedged)	7,500
Resolution Capital Global Property Secs II (Hedged)	5,000
	12,500
Australian Equity	
AB Managed Volatilities Fund	20,000
DNR High Conviction Fund	20,000
Pengana Australian Equities Fund	15,000
Pendal Focus Australian Share Fund	20,000
	75,000
International Equity	
Munro Global Growth Fund	17,500
Royal London Concentrated Global Share Fund	20,000
	37,500
Total	**250,000**

Benefits of Our Advice

- Overall the recommended portfolio will provide you the opportunity to seek an investment return higher than you would otherwise receive should you remain invested just in cash. While seeking these returns is not without additional risks we have recommended a diversified portfolio that aims to deliver a higher long term investment return, whilst meeting your tolerance to investment volatility and risks;
- Investing $500,000 in cash deposits via the AMM will guarantee your capital and provide reliable income. Investing via the AMM allows you choose the highest interest rate via access to a range of term deposits and high interest bearing cash account providers and also allows you to take advantage of the Australian Government's guarantee on deposits;
- Investing $250,00 using managed funds provides the benefit of professional investment managers who manage the day to day investment decisions within your portfolio;

- Using the Macquarie Investment Consolidator II – Elevate Wrap Account will provide simplified administration, record keeping and reporting of your investment portfolio;
- Allocating $125,000 to defensive investments should provide stable, albeit lower longer term returns;
- By allocating the $125,000 to growth assets you aim to generate higher returns than those from your defensive investments. These returns consist of both regular income and the opportunity for capital growth.
- Using the regular debit and ACM facilities will provide a smooth operation of your wrap cash account and ensure that your managed fund portfolio remains fully invested and in line with the asset allocation appropriate for your risk profile; and
- By engaging Fortunity's ongoing professional advice services you will benefit from the peace of mind that we will work in partnership with you to ensure you maintain a financial strategy and investments that remain suitable to your needs.

Risks in our advice

- All forms of investment have associated risk. Even if the recommended investments are in line with your risk profile you may from time to time become uncomfortable with the fluctuations in your investment. In these times your investment timeframe is the most important consideration.

2. Source of Funds

Terrgial SLSC has been given custodianship of the funds for the benefit of the club. You advised that you hold the following cash deposits:

Cash Deposits	Balance 1/7/2021
	$
Westpac Community Solutions One Account	837
Westpac Community Solutions One Account	4,890
Westpac Community Solutions One Account	29,865
Westpac Term Deposit	754,283
Total	**789,875**

You wish to invest $750,000 in order to seek a higher investment return than that available from your existing cash deposits. You wish to keep $500,000 readily accessible as the club is likely to do some renovations over the coming years. From time to time you may call on these funds for operational purposes if needed.

It is likely the renovations will cost approximately $2million and you hope to receive funding from the State and Federal Government to make up the balance.

Terrigal SLSC currently makes a profit of approximately $70,000 pa which is mainly driven by the lease of the coffee shop at the club. You wish to have liquid funds available to cover at least 12 months of operating expenses should alternative income need to be sourced and require the portfolio to produce income to assist with the annual expenses of the club if needed.

3. Goals and Objectives

In preparing our recommendations we have taken into consideration Terrigal SLSC's financial goals and objectives for the investment of the available funds. These are outlined below:

- 'Investment Account' Short-term (up to 3 years) - $500,000:

  Should the club proceed with renovations or improvements to the building, these funds are available if necessary to help fund these projects; and

  Build liquid investments to a level that in that the operating expenses of Terrigal SLSC could be covered for 12 months-thus providing time for alternative funding to be sourced and an orderly re-structure of operations.

- 'Capital Account' - $250,000:

  To provide for an investment return by investing in a diversified portfolio of assets with a target asset allocation of 50% to defensive assets and 50% to growth assets.

  Your preference is for the portfolio to be invested with an ethical focus, using funds with higher levels of sustainability and lower levels of controversial industry exposure.

  Medium-term (3-5 years) -$125,000:

  To build a diversified investment portfolio producing sufficient income (interest & dividends) to assist with the annual expenses of Terrigal SLSC if needed.

  Long Term (5 years +) - $125,000:

  To build a diversified investment portfolio to produce sufficient income and capital gains to provide:

  - An alternative income source if required; and
  - Funding for future projects.

4. Risk Profile

To assist in the development of an investment strategy, we discussed Terrigal SLSC's attitude to investment risk and the areas of inflation, safety, liquidity, current income and ease of management.

When assessing risk profile we examine the mix of investment sectors with which you feel most comfortable, i.e. the allocation of your investments across the asset classes including cash, fixed interest, listed property and shares.

<u>Investment Account - $500,000</u>

- Short-term timeframe of less than 3 years.
- You have a very low risk profile for these funds and need very secure income.
- The funds must be invested in cash or cash equivalent investments that offer any government capital guarantee that may be available.

<u>Capital Account - $250,000</u>

- Medium to Long-term timeframe of 3 - 5+ years.
- You require a reasonably stable income and may need to withdraw capital to supplement income if necessary.
- You understand that in order to increase your investment returns you need to have some exposure to higher risk assets such as shares and property.
- You understand that when investing in growth asset such as shares and property you need to have a long term investment timeframe in order to ride out volatility which can be high in the short term.
- You are prepared to accept some fluctuation in capital value in order to gain capital growth over the medium to long-term and understand that when investing in growth assets you may experience periods of short term volatility and negative returns and you are prepared to ride out those periods.
- You advised that you are most comfortable having 50% invested in defensive style assets and 50% invested in growth style assets.

From our discussions we have ascertained you have a 'Balanced' risk profile for the Capital Account.

A 'Balanced' risk profile is described as follows:

Balanced	
Investment Objective	To provide for a balanced investment return by investing equally in growth assets and defensive assets
Suitability	Investors should expect short to medium term fluctuations in the value of their investment. There is a moderate probability of a negative return over short to medium term investment periods
Income/Growth Objective	Balance between income and growth
Liquidity	Usually within 30 days if using a managed fund
Minimum Investment Term	4 years
Expected Long Term Return*	CPI + 2.50%

Note: * After investment costs but before any administration/adviser fees.

The approximate asset allocation that corresponds to your 'Balanced' risk profile is outlined below.

Asset Sector	Asset Allocation Range	Target Asset Allocation
Fixed Interest	45% - 55%	50.00%
Property & Infrastructure Securities	0% - 10%	5.00%
Australian Equities	20% - 40%	30.00%
International Equities	10% - 30%	15.00%
Total		**100.00%**

The following table shows the risk/return expectations and the 15 year historical returns to 30 June 2021:

Risk Category Profile	Growth Assets	Short-Term Volatility / Long-Term Reward	Average Annual Return	Lowest Annual Return	Highest Annual Return
Balanced	**50%**	**Low to Moderate**	**6.60%**	**-15.50%**	**18.75%**

Annualised average returns for a 'Balanced' risk profile to 30 June 2021:

1 yr	3 yrs	5 yrs	7 yrs	10 yrs
13.20%	7.50%	7.35%	7.35%	8.20%

Year by year (financial year) returns:

2021	2020	2019	2018	2017	2016
13.20%	0.90%	9.40%	7.95%	6.90%	4.80%

Note: The above returns are net of investment fees but before any administration fees or adviser fees. The above analysis is based on actual historical outcomes and future returns could be quite different to those experienced historically.

If you feel that this profile does not reflect your concerns then we should have further discussions before you implement the recommendations in this Statement of Advice.

The above asset allocations are long term in nature. You should review your portfolio, at least annually, to ensure your actual portfolio asset allocations do not deviate from your chosen investor profile percentages. This may necessitate a re-balancing of the actual portfolio percentages back to the initial percentages chosen. You should re-assess your profile as your personal circumstances change.

5. The Fortunity Investment Philosophy

Our investment approach aims to preserve and increase wealth. Our philosophy is based on the following key points:

- *Protecting capital*

  The key way we achieve this is to use funds that have a flexible mandate. This means they can move to cash when they believe risk is high or there is a lack of compelling investment opportunities and use short-selling, options or other derivatives as a form of insurance.

- *Smoother, consistent returns*

  This is achieved when a portfolio captures most of the returns when the market trends upwards, but not all of the negative returns when the market trends downwards. By generating more consistent returns, the power of compounding will actually deliver better long-term results.

- *Being 'benchmark unaware' with a focus on 'absolute returns'*

  Whilst having a benchmark is useful to compare investments, we prefer to measure performance on the basis of 'absolute returns'. This means we compare performance to cash rates and would not think an investment has done well simply because it has gone backwards less than its benchmark.

  Many fund managers invest in the index constituents, not because they believe they are good investments, but because they don't want their fund's performance to deviate too far from the benchmark. Our preference is for managers who invest in their very best ideas and with a high level of conviction, not just because a particular holding is a large part of the index. This is particularly relevant for investing in Australian shares where our index is dominated by a small number of very large companies, many in the same industry.

- *Appropriate Diversification*

  Diversification refers to the allocation of your funds across a range of assets, asset sectors, geographical regions and investment providers in a way that is designed to reduce the probability of capital loss (risk) in a portfolio.

  This is because no one asset, asset class, geographical region or investment manager provides the best performance over all time periods. A range of investments should reduce the risk of the portfolio experiencing drops in performance across the board simultaneously, as one asset class or manager may perform well to counter the poor performance of another.

- *Market Timing*

  Market timing is a strategy that involves making buying or selling decisions by attempting to predict future market price movements. Market timing is incredibly difficult to do consistently and is in our view and elusive concept, therefore Fortunity does not try to time markets.

  When investment markets experience periods of heightened volatility we believe remaining invested until markets recover gives long term investors the best chance of success.

6. Our Recommendations

The recommendations outlined below aim to assist you in achieving your financial plan objectives, whilst taking into account your risk and return preferences and current economic, investment and legislative conditions. They form the basis of a long term strategy, whilst helping you to meet your short and medium term goals.

6.1. Engage Our Ongoing Professional Advice Services

We recommend that you engage our ongoing professional advice services to ensure that you get the most out of our advice.

Our team of six includes three qualified financial advisers and support staff. We provide approximately 250 clients with financial planning services and manage in excess of $230 million. Our services include retirement planning, cashflow and debt management, superannuation, personal risk insurance, portfolio management, Centrelink and Aged Care.

As part of our ongoing services we will work with you to:

- Monitor the strategy to ensure that it continues to meet your goals;
- Review your investment portfolio and recommend changes as necessary;
- Regularly review and communicate with you regarding your investment portfolio to ensure its continued appropriateness; and
- Review the impact of any adverse economic or legislative changes on your goals and make recommendations as appropriate.

We will of course be available at any time to answer queries and assist you in any way that we can.

Fortunity Advice is not owned or licensed by a product provider, we act solely for our clients and we are paid by our clients through fees. The fee to engage our professional services and provide a periodic review of your investments and strategies is included in the ongoing fees as disclosed in the table on Fee Disclosure.

6.2. Portfolio Recommendations

We recommend that you allocate the $750,000 available for investment as follows:

6.2.1. <u>Investment Account</u>– Australian Money Market Term Deposit Service

We recommend that you invest $500,000 in term deposits or at call savings accounts to provide you with a conservative asset paying a reliable income at higher interest rates than that available in cash.

We recommend that you invest via the Australian Money Market Term Deposit Service (AMM). Your capital will be protected by taking advantage of the Australian Governments guarantee on deposits of up to $250,000 per institution.

AMM requires just one initial application form to be completed to allow access to a range in institutions offering term deposits such as; Bank of Queensland, Adelaide Bank, St George, AMP and Members Equity Bank. Upon the maturity of a term deposit, the Money Market Term Deposit Service enables us to view various institutions and compare current interest rates before selecting the best rate and deposit for you. Note: We will confirm the applicable interest rate with you before a term deposit is invested.

Investing via the AMM will provide the following benefits:

- Access to a wide range of institutions that offer term deposits and high interest bearing 'at call' cash accounts.
- Competitive interest rates and no account keeping fees.
- Same day portability of funds between institutions upon rollover that enables you to continually maximise interest earned; and
- Government guarantee on amounts up to $250,000 per institution.

Please note, while the Australian Money Market do not charge any account keeping fees, the interest rates they offer on Term Deposits are 0.10% lower than if you were to invest directly with the institution. This difference represents their cost of managing the service. We believe this is reasonable given the benefits of the service, ie, the ability to easily compare different rates for a variety of different institutions and the ease of moving funds to obtain the highest rates.

6.2.2. <u>Capital Account</u> - Managed Funds via a Wrap Platform

In line with our investment philosophy and your risk profile, we recommend that you invest the remaining $250,000 in a diversified portfolio of managed funds via a 'wrap' platform.

Of this amount we recommend you allocate $125,000 to defensive investments and the remaining $125,000 to growth investments.

The allocation of $125,000 to defensive investment aims to generate longer term returns that are higher than you would receive from term deposits.

Over the long term by allocating the remaining to $125,000 to growth investments you give yourself the opportunity (albeit with increased investment risks and volatility) to earn a higher return than on the defensive investments within your portfolio.

Investing in managed funds via a wrap platform combines the benefits of professional investment management (managed funds) with specialised portfolio administration services (wrap account).

You will benefit from a very well diversified portfolio of investments allocated in line with your risk tolerance, at all times overseen by Fortunity's professional advice services.

Managed Funds

Managed funds are a type of investment in which your capital is pooled with capital from many other investors. The decisions regarding the selection and management of the investment portfolio are then taken care of by a professional fund manager.

Investing in managed funds provides diversification benefits to reduce the volatility of the overall investment and the impact of a fall in the value of any one asset. Managed funds are practical for all portions of a portfolio.

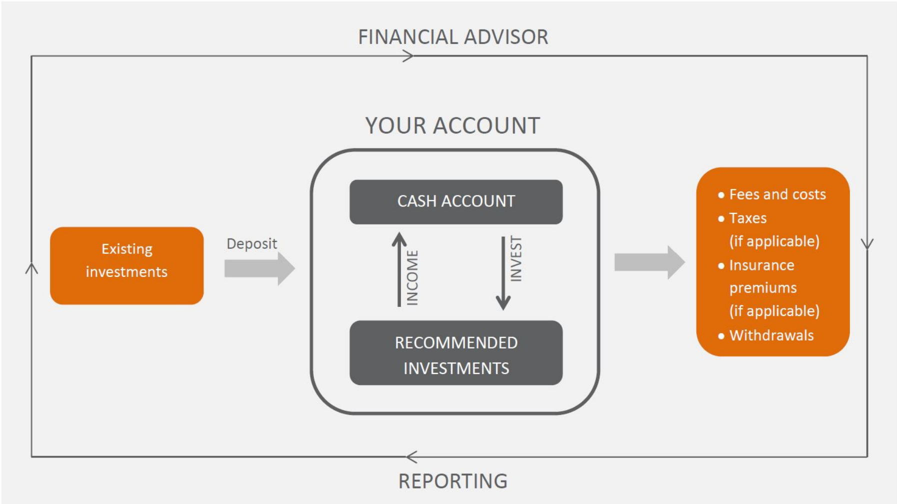
- You can diversify into a wide range of investments without making individual investments in each one and you have the benefit of investment professionals managing your money for you; and
- Managed investments allow you to invest in areas that would normally be difficult to gain access to or require a large amount of time and expertise to manage (eg, small Australian companies and shares listed on international stock exchanges).

Wrap Platform

We recommend that you invest in managed funds via the Macquarie Investment Consolidator II Elevate 'wrap' platform. The wrap service draws all of your investments together around a central cash account. This enables easy administration of the managed fund portfolio, as all buying, selling, reporting and maintenance of investments occurs in the one place.

Some of the benefits offered by a platform are summarised below:

- Flexibility - it provides significant flexibility to tailor your investment portfolio to meet your objectives;
- Diversification – it allows your investment to be spread across a greater range of investments which will help to diversify your investment portfolio, e.g. specialist managed funds, direct equities, high yield cash;
- Ease of Administration - it provides simplified administration, record keeping and reporting of your investment portfolio and enables you to view updated balances of your account online; and
- Ongoing advice - we can provide ongoing advice with regards to the most appropriate investment options and strategies for your needs.


FINANCIAL ADVISOR
YOUR ACCOUNT
CASH ACCOUNT
INCOME
INVEST
RECOMMENDED INVESTMENTS
Existing investments
Deposit
• Fees and costs
• Taxes (if applicable)
• Insurance premiums (if applicable)
• Withdrawals
REPORTING

6.3. Managed Investment Recommendations

We recommend that you invest the $250,000 in managed funds via Macquarie Investment Consolidator II Elevate as follows:

Macquarie Investment Consolidator II - Elevate	Proposed Value	ACM
	$	%
Cash		
Macquarie Cash Account	2,000	$2k-$4k
Fixed Interest		
Ardea Real Outcome Fund	15,000	6.0
Janus Henderson Tactical Income Fund	40,000	16.0
Macquarie Income Opportunities Fund	14,000	6.0
Perpetual Dynamic Fixed Income Fund	40,000	16.0
Realm High Income Fund	14,000	6.0
	123,000	**50.0**
Property & Infrastructure		
Magellan Infrastructure Fund (Hedged)	7,500	3.0
Resolution Capital Global Property Secs II (Hedged)	5,000	2.0
	12,500	**5.0**
Australian Equity		
AB Managed Volatilities Fund	20,000	8.0
DNR High Conviction Fund	20,000	8.0
Pengana Australian Equities Fund	15,000	6.0
Pendal Focus Australian Share Fund	20,000	8.0
	75,000	**30.0**
International Equity		
Munro Global Growth Fund	17,500	7.0
Royal London Concentrated Global Share Fund	20,000	8.0
	37,500	**15.0**
Total	**250,000**	**100.0**

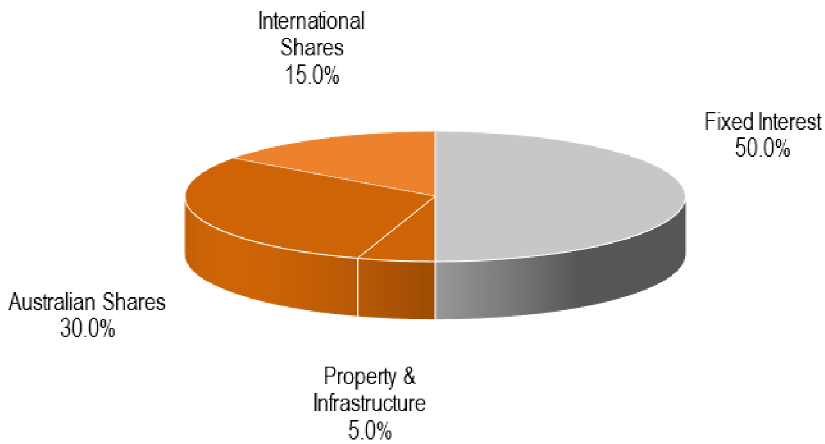
6.3.1. Auto Cash Management Facility (ACM)

We recommend that the distributions be paid to the cash account. We have recommended an ACM facility to ensure that your investments remain in line with your 'balanced' risk profile. This facility will invest the surplus cash from your Macquarie Cash Account once it reaches a pre-determined level.

We have recommended that the maximum cash level trigger be set at $4,000 with amounts over $2,000 being invested as per the percentage allocation shown in the above table. The ACM operates on the 20th of each month and if the cash account balance reaches the trigger, applications will take place resulting in a new cash balance of $2,000.

6.4. Asset Allocation

The following graph shows the proposed exposure to the various asset classes for your 'Capital Account' investment portfolio.



This shows that, approximately 50% of the funds will be invested in 'growth' assets such as shares and property, and the remaining 50% will be invested in more 'defensive' assets such as cash and fixed interest related investments.

The above asset allocations are in line with that appropriate for your 'Balanced' risk profile. The portfolio will generate regular income returns and provide you with exposure to growth assets that have the potential to provide capital gains on the investment capital.

6.5. Basis for Recommendations

We have made this recommendation for the following reasons:

- The recommendations will provide you with a portfolio that is in line with your risk profile and your 'Investment & Capital Policy';
- This recommendations will provide you with exposure to growth assets that have the potential to increase the portfolio by providing capital gains on your investment capital. Your portfolio will also generate regular income returns;
- When making the above recommendations we have taken into account your preference for ethical companies. We have taken into account factors such as the contribution of the fund to sustainable development goals and environmental impact and also their level of negative screening for controversial industries such as tobacco, weapons and adult entertainment.
- A perfectly sustainable or controversy-free portfolio is not possible, however, we have taken into account how each fund is positioned with

respect to key aspects of sustainability and controversial industry exposure. We have recommended a portfolio of investments that all have a level of ESG integration whilst balancing that with performance prospects.

6.5.1. Defensive Investments

The recommended portfolio aims to provide income with low volatility and diversification benefits. The Perpetual and Janus funds provide a variable exposure to Australian bonds depending on the manager's tactical view during market volatility. Ardea adopts a 'relative value' strategy to provide stable and uncorrelated returns regardless of the market direction. The remainder of the Portfolio is allocated to credit managers for a breadth of income sources.

The Janus Henderson Tactical Income Fund is typically invested in a mix of bonds or debt securities paying fixed and/or floating rate coupons issued by Australian Governments and corporates. The Fund can hold a broad range of bonds and debt securities including residential mortgage backed securities and hybrids. It is managed against a 50/50 benchmark of the Bloomberg AusBond Bank Bill Index and Bloomberg Composite Index 0+ years. The Fund's duration positioning can range from -0.75 years to +1.5 years against the Bloomberg AusBond Composite Index. The Fund can hold a maximum 10% in sub-investment grade securities.

Why we chose this Fund: The key feature of the Fund is its ability to tactically allocate between cash, government bonds and credit in response to the investment team's assessment of relative value and market conditions. We view the managers as being highly skilled at making tactical changes, moving to cash/and or high-quality bonds to protect the portfolio or extending credit risk as the opportunity arises. In addition, the investment team has worked together for many years, previously at Perennial and now at Janus Henderson. We believe they are sufficiently experienced to implement the Fund's strategy.

The Perpetual Dynamic Fixed Income Fund aims to provide capital stability, regular income and a postive return irrespective of market conditions by investing in a broad range of fixed and floating rate, typically Australian and also some global, debt securities.

Why we chose this Fund: The fund actively manages credit and duration risk and has the abililty to shift between cash and bonds in order to protect capital in response to market conditions. The relatively uncomplicated approach has delivered solid outcomes and we hold good conviction in Portfolio Manager, Greg Stock and the wider investment team to implement the strategy.

The Macquarie Income Opportunities Fund is a relatively conservative credit fund with short duration. The fund's objective is to outperform the Bloomberg Ausbond Bank Bill Index over the medium term (before fees). It aims to provide higher income returns than traditional cash investments at all stages of interest rate and economic cycles. The Fund uses a core/satellite approach. The 'core' is a portfolio of predominantly 'investment grade' floating rate securities. At times the fund may rotate into the 'satellites' of Global High Yield and Emerging Markets debt.

Why we chose this Fund: We have recommended the fund for its flexible investment mandate which offers potential to participate in rallying credit markets as well as reverting to more cash-like strategies to protect on the downside. The Fund provides exposure to a wide range of Australian and international credit-based securities and cash.

The Realm High Income Fund aims to provide a regular income of 3% (net of fees and after franking) over the RBA cash rate through the market cycle while seeking to preserve capital. To achieve this the Fund invests primarily in domestic investment grade asset backed securities and corporate bonds as well as government bonds and hybrids, whilst actively managing the Fund's credit exposures to mitigate risk.

Why we chose this Fund: The Fund has a conservative and unconstrained approach to credit. It is led by two experienced portfolio managers, Robert Camilleri and Andrew Papageorgiou who have decades of experience in Australian fixed income. They can invest in a broad range of securities including debt issued by banks and corporations, mortgage and asset backed securities, as well as government and semi-government bonds. This broad universe provides sufficient flexibility to navigate what is a difficult environment given the prospect of rising rates. The team is very risk conscious and will seek to manage the level of credit risk in the fund according to their prevailing views of the market. They will leverage both quantitative tools and their qualitative insights to do this. We believe the Fund provides a risk-aware exposure to a broad range of Australian issued credit.

The Ardea Real Outcome Fund is an absolute return focused strategy that seeks to generate a stable return in excess of inflation over the medium term through relative value trading and volatility and inflation protection strategies in fixed interest markets. The Fund invests solely in Commonwealth Government Bonds, Semi-Government Bonds, inflation and interest rate derivatives, bank bills and NCDs issued by larger Australian banks.

Why we chose this Fund: This Fund is considered a liquid alternative and is not dependant on interest rate direction. We believe the Fund to be a capable low-volatility strategy that should benefit from increased bond-market volatility, providing the overall portfolio with a differentiated source of income. The Fund's unique investment strategy and relative value approach results in strong diversification benefits when compared to other defensive Managers within the portfolio.

6.5.2. Growth Investments

The Portfolio holds an allocation to the Magellan Global Infrastructure Fund for access to continuing income streams and regulated assts from around the World. This exposure should also protect somewhat from inflation given the asset classes' CPI linked cashflows. We also hold Resolution Capital for access to global property securities to benefit from the re-opening of economies.

Within Australian equities, the Pengana fund offers a 'value' approach which is balanced against the DNR fund which offers a 'quality' approach.

The Pendal fund adopts a 'core' investment style and has the ability to rotate between value and growth in response to market changes. AB Managed Volatilities adds a low volatility strategy with a small amount of global exposure to add diversification in industries that are poorly represented in the domestic market. Further, the AB and Pendal funds have a high level of ESG integration and the AB fund in particular has a very high level of negative screening.

Within international equities, Munro provides quality/growth exposure, has a broad mandate & can move to cash & use derivatives as insurance. Royal London has a flexible approach to stock selection and portfolio construction which allows for the Manager to shift between styles.

Property and Infrastructure

The Magellan Infrastructure Fund provides exposure to a portfolio of 20 to 40 global infrastructure securities. The objective of the Fund is to achieve attractive risk adjusted returns over the medium to long term, while reducing the risk of permanent capital loss. Magellan has an internal absolute return objective of CPI + 5%pa over the medium term. The Fund can invest up to 10% of its assets in any one security.

Why we chose this Fund: Magellan has a narrow definition of infrastructure when compared to many other fund managers investing in this asset class. To be in their universe, infrastructure assets must be essential for the efficient functioning of a community, and earnings must not be meaningfully sensitive to competition, commodity prices or sovereign risk. These securities typically exhibit less price volatility and more reliable income than equities. As such, the Fund provides a more defensive and inflation linked exposure to regulated cash flows, and may be less correlated to other global equity strategies.

The Resolution Global Property Securities Fund II (Hedged) aims to provide exposure the underlying returns of some of the world's highest quality real estate assets through a professionally managed portfolio of global real estate investment trusts (REITS) and property companies. It aims to outperform the FTSE EPRA/NAREIT Developed Index (AUD Hedged) over rolling three-year periods.

Why we chose this Fund: The Fund provides the portfolio with exposure to high quality, global listed real estate. This should provide a reasonably stable income stream while also generating some capital growth. As global property has different return drivers to many equities and is considered a defensive growth asset, the Fund has some diversification benefits when blended with global equities. The Manager has an extensive track record in managing global listed real estate securities. The team adopts a multi-portfolio management approach which provides an additional layer of diversification and allows each portfolio manager an opportunity to express their views. We also believe the team has a high level of alignment to end unit holders given the four portfolio managers hold equity in the business and also co-invest in the strategy alongside unit holders.

Australian Equities

The AB Managed Volatility Equities Fund is an Australian equity fund that aims to outperform the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt) over the medium to long term. It looks to capture 80% of the upside in market movements and only 50% of the downside. The Fund also targets a 25% reduction in volatility compared to the index. There are no constraints in terms of tracking error, sector or stock weightings relative to index, and the Fund has a 20% static allocation to global equities in order to provide diversification benefits.

Why we chose this Fund: This Fund has been chosen to provide lower-risk Australian equity exposure to the portfolio. The systematic, quantitatively driven approach with fundamental overlay has proven to meet each of the Fund's objectives since inception. Given the Fund's disciplined process and sensible philosophy, we believe objectives should be met into the future.

The DNR Capital Australian Equities High Conviction Fund is style-neutral with a focus on quality, the Fund's objective is to outperform the S&P/ASX 200 Accumulation Index by 4% p.a. rolling over a three-year period. The portfolio will hold between 15-30 stocks and possesses a 15% weighting cap for any one stock. The Manager seeks to identify quality companies that are mispriced in the Australian equity market. The portfolio is high conviction, after-tax focused and invests for the medium-to-long term.

Why we chose this Fund: The DNR Capital Australian Equities High Conviction Fund provides style diversification to other Australian Equity Managers in the model through its quality/growth investment philosophy and process. DNR use a 'quality' approach to stock selection and the manager is quite ambivalent to whether the stocks held are large, mid or small cap stocks. We think DNR is a good quality manager that has shown an ability to outperform the market through time. Their investment process, focusing on improving and/or sustainable quality companies, is logical and well structured. We believe the team is well placed to continue adding value through time.

The Pendal Focus Australian Share Fund is an actively managed Australian equities fund which aims to provide a return (before fees, costs and taxes) that significantly exceeds the S&P/ASX 300 over the medium to long-term. The Fund is managed through a "core" investment style, meaning that it has the flexibility to invest across the full range of its investment universe across both value and growth stocks.

Why we chose this Fund: This Fund was chosen in order to fulfill the role of a "core" allocation within the Model's Australian equities composition. The Manager's investment style, led by Crispin Murray, Head of Equities at Pendal, in complementary to other holdings within the overall portfolio. Being not wedded to a particular investment style in regard to value or growth, Pendal should blend well in a multi-manager context. Further, the Fund has the potential to rotate its portfolio or investment thematic as the market changes. In periods of increased volatility, this can prove useful as the product is not restricted by its design principals where other managers may be.

The Pengana Australian Equities Fund provides exposure to a high conviction portfolio of 20-50 stocks listed on the ASX. The Manager's process is completely benchmark unaware which has been expressed through high tracking error over time. The Fund target's dual objectives; capital preservation and the delivery of absolute return. To do this, it is biased towards those stocks that can meet an earnings yield hurdle of 6-8% and can grow cash flows in the foreseeable future. In addition, the Fund's conservative investment process focuses on the strength of company management.

Why we chose this Fund: The Fund should deliver growth in line with the portfolio's objectives over the long term. The Fund has the potential to hold high levels of cash which has been used as a tool for downside protection as well as being utilised in the absence of opportunity. The investment team has significant experience in managing this strategy, the Fund having been operated for well over a decade. Lead portfolio manager, Rhett Kessler, is co-invested in the Fund, providing alignment with other investors. Over its history, the Fund has displayed an ability to deliver returns in line with its objectives while having lower drawdowns than the market in times when the equity market sells off.

International Equities

The Munro Global Growth Fund aims to provide risk adjusted absolute returns through investing in global equities over the medium to long term, while maintaining a capital preservation mindset. The Fund is also capable of shorting stocks. Typically, the portfolio holds between 30-50 investments, with a typical long position at 3% and a typical short position at 1.5% of the portfolio. Net market exposure can be in the range of 50% to 100% and the gross exposure in the range of 50% to 150%.

Why we chose this Fund: This strategy provides exposure to long term earnings growth through investing in established social and technological themes. We believe that Munro is a high-quality global equities manager, which is led by Nick Griffin, formerly of K2 Asset Management. The Fund tends to source ideas thematically, investing across a range of companies with similar return drivers or industry related themes. Capital preservation is delivered through cash, currency management, stop-loss positions and the Fund's capacity to go short in companies that they believe will fall in price. While Munro is a fairly new business, we take comfort from the Portfolio Manager's track record at K2, and the previous working relationship between some of the investment team. Munro has many qualities that are appreciated in a fund manager; key staff have significant co-investment in the strategy, a boutique organisation and willingness to take high conviction positions.

The Royal London Concentrated Global Share Fund seeks to outperform the MSCI World NR by 2-3% after fees, over rolling five-year periods. The Fund is a long-only equity strategy that invests in approximately 20-45 companies globally.

Why we chose this Fund: This Fund was chosen for inclusion within the Model in order to add positive diversification benefits that are driven by the Manager's unique stock selection and portfolio construction process. Rather than exhibiting a specific investment style (such as value or growth), Royal

London approaches stock selection with an investment process and philosophy that focuses on a company's current stage in the business life cycle. Royal London believes that companies move through various stages: "Accelerating", "Compounding", "Slowing & Maturing", "Mature" and "Turnaround". The Manager then approaches both stock selection and portfolio construction in a manner that targets investing in companies at times where they can provide the overall portfolio with desirable characteristics such as above market growth, stability of growth and/or income and growth which is unrealised by the market.

Other Considerations

- Term deposits are fixed term and are subject to a maturity date. Should you wish to access the funds prior to maturity, a break fee will be payable. An estimate of this charge will be provided to you prior to completing an early break of a deposit.
- Industry regulations require that individuals provide 31 days notice of their intention to access funds invested within a term deposit prior to the maturity date. As such, be aware that it may take several weeks for the proceeds of a term deposit break to become available in the event that early access to the deposit is required.
- Macquarie Wrap is a wholesale investor and therefore generally not entitled to any cooling off rights when investing in units of managed investments. As the beneficial owner of the units, you are therefore not entitled to any cooling off rights. Please refer to the product disclosure statement for more information on the cooling-off period.

7. Next Steps

An important part of the implementation process is to discuss the contents of this Statement of Advice to ensure that it meets your needs and that you understand the recommendations. We should do this soon after you receive this report.

Once you have carefully read and understood this plan and are ready to proceed with our recommendations, please follow the steps below:

- Sign the enclosed Authority to Proceed;
- We have enclosed the current Product Disclosure Statements for each of the products recommended and will assist you with the completion of the application forms if you require;
- Your options for payment of the Statement of Advice preparation fee are outlined on the attached invoice. If choosing to pay by cheque rather than electronically, please make a cheque out to Fortunity Advice Pty Ltd and ensure it is crossed “Not Negotiable”; and
- Signed the enclosed Ongoing Service Agreement.

8. Fee Disclosure

Fees can be categorised into three broad areas:

- Initial fees receivable by us;
- Ongoing fees payable to us; and
- Product related fees.

8.1. Initial Fees Payable To Us

All fees and charges are summarised below. A full summary of fees and charges that may apply to your investments can be found in the product disclosure statements.

The following fees are in accordance with our Financial Services Guide, which has been provided to you. All fees outlined below are inclusive of GST.

8.1.1. Plan Preparation & Presentation

Preparation & Presentation Fee	Amount
	$
Preparation & Presentation of Advice	2,200

8.1.2. Implementation Fee

No fee will apply should you choose to proceed with the recommendations made within this Advice.

8.2. Ongoing Fees - Investments

The ongoing management of your portfolio is paramount to your success. The annual fees below are charges to provide this ongoing service.

- **Investment Fees (ICR**) - This is the fee related to the management of each investment option which is charged by the fund manager. The fund managers deduct these fees before reporting the value of your investment to you;
- **Administration Fees** - This is the fee charged by Macquarie for the administration services they provide; and
- **Advice Fees** - This is the fee payable to Fortunity for our professional ongoing advice services.

8.2.1. Investment Portfolio

ASIC guidelines require us to provide estimates of any performance fees that may be incurred to illustrate their potential impact on total management costs. A performance fee may apply to some investments only if a Fund's return exceeds its hurdle return. Fortunity support the rationale for performance fees as an incentive for fund managers to generate higher returns where they align the interests of fund managers and investors.

The Indirect Cost Ratio (ICR) disclosed in this advice, therefore, includes the Management Expense Ratio (MER) that you will be charged plus an estimate of performance fees and other indirect costs, based on historical data. Note: If a Fund does not meet the hurdle (i.e. conditions for payment of a performance fee) then no performance fee will be charged. Please refer to your Product Disclosure Statement (PDS) for full fee disclosures on how performance fees are calculated.

The following table details the ongoing fees payable on the proposed investment portfolio:

Investment Portfolio	Amount	ICR	Indicative Cost
	$	%	$
Australian Money Market Term Deposit Service	500,000	0.00	0
Macquarie Investment Consolidator II Elevate			
Macquarie Cash Account	2,000	0.73	15
Ardea Real Outcome Fund	15,000	0.50	75
Janus Henderson Tactical Income Fund	40,000	0.45	180
Macquarie Income Opportunities Fund	14,000	0.51	71
Perpetual Dynamic Fixed Income Fund	40,000	0.55	220
Realm High Income Fund	14,000	0.78	109
Magellan Infrastructure Fund (hedged)	7,500	1.05	79
Vanguard Int Prop Securities Index (unhedged)	5,000	0.40	20
AB Managed Volatilities Fund	20,000	0.55	110
DNR Capital Aust Equities High Conviction Fund	20,000	0.90	180
Pengana Australian Equities Fund	15,000	1.08	162
Pendal Focus Australian Share Fund	20,000	0.75	150
Munro Global Growth Fund	17,500	1.60	280
Ironbark Royal London Global Share Fund	20,000	1.04	208
	250,000		**1,859**
Administration and Adviser Fees			
Macquarie Administration Fees	248,000	0.46	1,140
Fortunity Advice Fee	750,000	0.26	1,980
			3,120
Total ($)	**750,000**		**4,979**
Total (%)			**0.66**

Note: The fund managers deduct management fees (indirect costs) before reporting the value of your investment to you.

Buy / Sell Spread

We estimate that you will incur total buy / sell spreads of $712.90 on the purchase of the recommended managed funds. The spread is a small difference between the entry and exit price of the investments that represent transaction costs.

Macquarie Administration Fees

This is the fee charged by Macquarie for the administration services they provide and will be debited from your account on a monthly basis (i.e. approximately $95 pm).

Fortunity Advice Fee

A flat fee of $1,980 pa will apply for the provision of our professional advice services. This amount will be debited from your Macquarie Consolidator II Elevate Cash Account on a monthly basis (i.e. $165 pm).

9. Authority to Proceed

- Confirm receipt of a Financial Services Guide for Fortunity Advice Pty Ltd dated 1 July 2019;
- Have had the opportunity to read, consider and understand this Statement of Advice dated 21 July 2021, the PDS documents, any relevant ATO information and research reports before deciding to implement the advice. Where you have any queries, please consult your adviser before proceeding.
- Understand that the advice has been based on information that we have provided to Fortunity Advice and that the advice may not be appropriate if we have omitted any significant information.
- Understand that this advice is based on the current laws relating to tax and superannuation and possible future changes to the laws cannot be taken into account.
- Agree that the advice given is to be limited to the Scope of Advice as set out in the advice.
- Acknowledge that where any existing investments are to be partially or fully replaced that we have been informed of any benefits which may be lost or charges which may be incurred.
- Understand the advice should only be implemented with the assistance of Fortunity Advice and we authorise Fortunity Advice to proceed with implementing the recommendations made within this SoA.

Accept the recommendations and authorise their implementation as follows (please tick):

Recommendation	Agree to Proceed?
Invest $___________ via the Australian Money Market Term Deposit Service as outlined	
Invest $ __________ in managed funds via Macquarie Investment Consolidator II as outlined	
Or, with the following amendments:	

Where you wish to proceed with part of, or a variation of, our advice, you may risk making a financial commitment that may not be appropriate for your needs and objectives as a result of choosing this course of action. It may also impact the fees you will need to pay with respect to these services. We will inform you if this is the case.

Director Signature ______________________________ Date: ______/______/______

Director Signature ______________________________ Date: ______/______/______

Director Signature ______________________________ Date: ______/______/______

Adviser Signature ______________________________Date:______/______/______