



INVEST WITH CONFIDENCE

MARKET MATTERS SMAs

# FREQUENTLY ASKED QUESTIONS

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Market Matters Pty Ltd (ABN 20 137 462 536, AFSL 488798) acts as the Model Manager of the Market Matters Active High Conviction SMA & the Market Matters Active Income SMA. Praemium Australia Limited is the Responsible Entity and the issuer of the Praemium SMA Product Disclosure Statement (PDS) dated 1st June 2020.

# GENERAL

## MARKET MATTERS SMA

### 1. WHAT IS AN SMA?

- ▶ Market Matters Managed Accounts are established and offered within the registered managed investment scheme known as a Separately Managed Account (SMA). Each investor has a separate 'account' to which their investments are allocated. An account can be constructed by using one or two of the available investment strategies (referred to as Model Portfolios) which are selected from the investment menu.

### 2. HOW IS AN SMA DIFFERENT TO A MANAGED FUND?

- ▶ An SMA provides investors with exposure to a professionally managed portfolio of stocks, other securities and funds – but unlike a pooled managed fund structure, beneficial ownership of the underlying stocks rests with the investor. An SMA also offers beneficial features including: the potential for a better after-tax outcome (as the structure will generally allow for management of tax parcels), full transparency over security holdings, automated trading often at very low costs, benefits from distributions and dividends, and online reporting/investments are able to be transferred in specie for portability and convenience.

### 3. HOW EASY IS IT TO CLOSE/SELL DOWN AN SMA PORTFOLIO?

- ▶ You can either sell the stock(s) and collect the funds or transfer the stock(s) out to an SRN or HIN. If you choose to sell, the proceeds are paid out to the account held on file on T + 3. If you put the sell in prior to 9.30am it will be actioned that same business day, otherwise it is actioned on the following business day. Transferring stock(s) out will cost \$29 per line of stock.

### 4. WHAT IS THE LEGAL STRUCTURE OF AN SMA?

- ▶ The Market Matters Model Portfolios sit within a Registered Managed Investment Scheme which is operated by Praemium as the Responsible Entity. As the Responsible Entity, Praemium are responsible for managing the Scheme and ensuring compliance with the requirements of the Corporations Act.

### 5. HOW ARE THE ASSETS HELD?

- ▶ HSBC is appointed as custodian over all domestic assets and J.P.Morgan Chase as custodian over all international asset holdings. Each investor's cash, securities and any liabilities are segregated into a Separate Account and held separately on trust. Records of individual security holdings by each investor are retained within the SMA.

### 6. IS THERE A PDS?

- ▶ Yes, the Market Matters Model Portfolios can be accessed through the Praemium Product Disclosure Statement.

### 7. HOW CAN I MAKE AN INVESTMENT?

- ▶ To Invest in the Market Matters SMA, click on the relevant application form:

- ▶ [Individual](#)
- ▶ [Company](#)
- ▶ [SMSF](#)
- ▶ [Trust](#)

Complete the application form and attach supporting documentation and email [sma@marketmatters.com.au](mailto:sma@marketmatters.com.au) or post to:

*Market Matters Level 29, Chifley Tower, 2 Chifley Square*

Investors will receive an email confirmation for review and acknowledgement.

# MODELS

## MARKET MATTERS SMA

### 8. DO I NEED AN ADVISER?

- ▶ The PDS states that a Nominated Representative (financial adviser) is required to invest in the SMA. If you already have an adviser, then you can apply through them, but if you don't have an adviser and you don't want one, we can arrange for a nominated representative for investment in the SMA. (There is no adviser fee to do this).

### 9. HOW OFTEN DO PORTFOLIOS REBALANCE?

- ▶ Portfolios are rebalanced on an "as needed" basis in response to changes in the risk and/or return outlook for investments within each portfolio. The Market Matters Model Portfolios are active in nature while they can also hold high levels of cash during periods of market uncertainty.

### 10. WHO IS RESPONSIBLE FOR THE MANAGEMENT OF EACH MODEL AND THE INVESTMENTS MADE?

- ▶ Market Matters has an internal investment committee consisting of Peter White and Peter Whyntie. Peter White's experience in the financial industry spans over 23 years including 17 years in providing professional financial advice to clients as a CFP.
- ▶ Peter Whyntie is a recognised leader in the governance, risk management compliance community. He is a Fellow of both the Governance Institute of Australia and Fellow and Life Member of the GRC Institute. He is the Course Director of the Advanced Risk Management Module of the Governance Institute's Governance Diploma.
- ▶ Model Management is outsourced to James Gerrish, Portfolio Manager at Shaw and Partners. James is a major shareholder and the Primary Contributor to Market Matters.

### 11. IS THERE A CASH ELEMENT TO AN SMA?

- ▶ In order to meet overall liquidity requirements, each Models Portfolio retains a minimum 2% cash component. It is intended that minimum cash levels are held at the portfolio level, but the structure allows higher cash levels to be held should the Model Manager deem appropriate.

# REPORTING

## MARKET MATTERS SMA

### 12. WHAT SMA REPORTING WILL I RECEIVE?

- ▶ Investors in the Market Matters SMAs can view holdings online through the Praemium Investor Portal. This allows viewing of the portfolio valuation and performance, model weights, and documents including annual reports.
- ▶ Each year you will receive two reports, which will be loaded onto the Praemium Investor Portal.
  - ▶ A portfolio valuation, performance and expenses report (available in August), and
  - ▶ A full tax report; tax summary, realised gains/ losses, income and expenses etc (available in early October after the various tax components on all securities in the Scheme have been updated).
- ▶ In addition to the full Praemium reporting the Market Matters Investment Team will produce monthly performance reports on each portfolio strategy. This will report on return performance, risk and the outlook for the portfolio.

### 13. WHERE DO I FIND INFORMATION ON DETAILED MODEL INVESTMENT PROCESSES AND WHAT EACH MODEL SETS OUT TO ACHIEVE?

- ▶ Additional information can be found on:
  - ▶ Market Matters  
[www.marketmatters.com.au/sma](http://www.marketmatters.com.au/sma)
  - ▶ Praemium  
[www.praemium.com.au](http://www.praemium.com.au)

# FEES AND CHARGES

## MARKET MATTERS SMA

### 14. WHAT ARE THE FEES

- ▶ All fees are outlined in the PDS. It's important that you read the PDS before deciding whether or not to invest in the Market Matters SMA's. The PDS makes reference to various fees, including Establishment Fee, Contribution Fee, Adviser Service Fee, Dealer Group Service Fee and a Research Fee, all of which are individually capped. These fees are discretionary and could be charged by your financial adviser – if you have one, and they are recommending this product to you. These fees are not charged by the Market Matters SMA. The only fees applicable by a Market Matters SMA is the investment fee & the performance fee (if applicable). More information available on the [SMA Investment Menu](#).

Change in fee % as follows:

- |                           |          |
|---------------------------|----------|
| ▶ First \$250,000         | 0.37% pa |
| ▶ \$250,001 - \$500,000   | 0.30% pa |
| ▶ \$500,001 - \$1,000,000 | 0.20% pa |
| ▶ \$1,000,001 or more     | 0.00% pa |

Investment Fee: 0.70% pa (includes GST)

- ▶ Performance Fee: 10% of out performance compared to the benchmark (subject to positive performance and a high-water mark). Further detail available in the PDS.
- ▶ Other Fees: In-Specie Transfer Fees, Cash Holding Fee, Expense Recovery Fee and others, if applicable, are listed in the PDS.

### 15. ARE THERE ANY TRANSACTION/ TRADING COSTS ASSOCIATED WITH SMAs?

- ▶ Yes, but due to the structure of the scheme they are generally minimal as trades across all models in the scheme are netted daily and executed at 0.055% approximately. A settlement fee of \$0.87 per ASX listed security transaction will be deducted from the cash holding of your Account.

Refer to the PDS for more information and international security transactions costs.

Contact details for Market Matters SMA  
offered by Praemium

**Praemium Australia Limited**

(Responsible Entity)

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