

Netwealth Wrap Service

Wrap Service Guide 2

Premium Service for Wholesale Clients

9 May 2022

The IDPS Guide for Netwealth Wealth Accelerator (**'IDPS Guide'**) and the Wrap Service Guides described in the IDPS Guide are referred to as the **'Disclosure Documents'**. These documents are available from our website at netwealth.com.au (**'our website'**) or by calling us on 1800 888 223.

This Wrap Service Guide 2 forms part of, is taken to be included in and should be read together with the IDPS Guide. Terms defined in the IDPS Guide have the same meaning in Wrap Service Guide 2 unless otherwise indicated.

Wrap Service Guide 2 has been prepared and issued by Netwealth Investments Limited (ABN 85 090 569 109, AFS Licence No. 230975) (referred to in Wrap Service Guide 2 as **'Netwealth', 'we', 'us' or 'our'**) as operator of the Netwealth Wrap Service (the **'Wrap Service'**). Wealth Accelerator is a version of the Wrap Service.

Issuer/operator:

Netwealth Investments Limited

ABN 85 090 569 109
AFSL 230975

Contents

About Wrap Service Guide 2 _____	2
Who is a Wholesale Client? _____	2
Consequences of being a Wholesale Client _____	2
Investment options for Wholesale Clients _____	3
Fees and costs of the Premium Service _____	10
Other information about Wholesale Investments _____	11

To request a printed copy of Wrap Service Guide 2, please contact us on:

Freecall 1800 888 223
Phone 03 9655 1300
Fax 03 9655 1333
Email contact@netwealth.com.au
Web netwealth.com.au

About Wrap Service Guide 2

Wrap Service Guide 2 contains important information about the Premium Service available to Wholesale Clients through the Wrap Service.

You should consider the Disclosure Documents that are relevant to you before making an investment decision.

Information in Wrap Service Guide 2 may change from time to time in the future. Where the changes are not materially adverse, the updated information may be made available to you in the 'Forms and documents' section of our website or upon request by contacting us. A paper or electronic copy of any updated information is available from us, free of charge, upon request.

Who is a Wholesale Client?

We classify you as a 'Wholesale Client' if, at the relevant time, we are satisfied you are using the Wrap Service as:

- a 'wholesale client' as defined in section 761G(7)(c) of the *Corporations Act 2001* (Cth) ('**Corporations Act**'), in which case we require that you represent that your Wrap Service account is not for use in connection with a business and that you provide a certificate given by a qualified accountant stating that you have net assets of at least \$2.5 million, or a gross income of at least \$250,000 for each of the last two financial years. The certificate must have been given no longer than two years before your application and needs to be renewed at least every two years from the date it was issued;
- a company or trust controlled by a person who qualifies for, and provides, an accountant's certificate described above;
- a 'professional investor' as defined in the Corporations Act, which includes, among others, a person or entity who controls gross assets of at least \$10 million; or
- a person determined by us not to be a retail client on some other basis.

For joint account holders to use the Wrap Service as a Wholesale Client, each account holder must be a Wholesale Client. We have discretion as to whether or not we are satisfied you are using the Wrap Service as a Wholesale Client at any particular time.

Consequences of being a Wholesale Client

As a Wholesale Client, you have access to the Premium Service which includes additional investment options that are not available to retail clients. The Corporations Act sets out certain rights for retail clients to be given certain information about financial products and services, including disclosures about risks and costs, and for retail clients to have access to dispute resolution schemes. By using the Wrap Service as a Wholesale Client, you are not using the Wrap Service as a retail client and you forgo the rights pertaining to retail clients. If, at any time, you (or your joint account holder, if applicable) are no longer using the Wrap Service as a Wholesale Client, you are no longer eligible to acquire these additional investment options.

This Wrap Service Guide 2 outlines the products and services we make available to Wholesale Clients through the Wrap Service and the additional terms and conditions that apply. We may negotiate other terms and conditions (including other products, services and fees) with Wholesale Clients.

Investment options for Wholesale Clients

Wholesale Clients who use the Premium Service have the choice of additional Wholesale Investments¹ when using the Wrap Service. The Wholesale Investments include:

- wholesale managed funds;
- foreign currency accounts;
- unlisted Australian bonds;
- unlisted international bonds; and
- other investments that may be made available by us that may not be available to retail clients.

Wholesale managed funds

What are 'wholesale managed funds'?

In this Wrap Service Guide 2, a 'wholesale managed fund' is a managed fund that is only made available to people who are Wholesale Clients. Generally, wholesale managed funds are not registered managed investment schemes registered in Australia by ASIC, although it is possible for them to be registered managed investment schemes that are registered by ASIC. Wholesale managed funds which are not registered managed investment schemes have information memoranda or disclosure documents rather than product disclosure statements and such disclosure documents are not subject to the same level of prescribed content requirements under the Corporations Act. Wholesale managed funds may be established under the laws of an overseas country. Wholesale managed funds may therefore be subject to less regulatory controls and oversight than managed funds that are made available to retail investors. In particular, wholesale managed funds are not subject to the same regulation in relation to liquidity as retail managed funds and may not carry the benefit of all retail consumer protections. Wholesale managed funds may also involve obligations and liabilities for investors that do not exist with retail funds.

A list of approved wholesale managed funds is available from us, free of charge, on request. We may at our discretion approve additional wholesale managed funds for investment.

How to invest in wholesale managed funds

You can instruct us to buy and withdraw from wholesale managed fund investments held in your account at any time. If you have full transaction capability online, you can transact online or alternatively you can send us an 'Investment instruction' form. Where you lodge a request online before 12pm noon (Melbourne time) on a business day, we generally send it to the fund manager on the same day. If you transact by submitting an 'Investment instruction' form, we send this request to the fund manager as soon as practicable.

Wholesale managed funds can have additional conditions imposed on applications and redemptions, such as minimum investment amounts and withdrawal restrictions, which are detailed in the applicable disclosure documents issued by the fund manager or operator. You

¹ A 'Wholesale Investment' is an investment that, due to the requirements of the Corporations Act, we are generally only permitted to make available only to a 'Wholesale Client'.

should read and be familiar with the terms and conditions associated with any investments you choose.

Your investments in wholesale managed funds are priced at the latest available unit price.

Foreign Currency Accounts

What is a Foreign Currency Account?

In this Wrap Service Guide 2, 'Foreign Currency Account' means an account we hold with an Australian authorised deposit-taking institution ('ADI') in which money is denominated in a currency other than Australian Dollars ('AUD'). Foreign Currency Accounts are held only in foreign currencies that have been approved by us for this purpose. A list of approved currencies is available from your adviser or by contacting us.

Money held on your behalf in a Foreign Currency Account is held in a pooled account with money held in the same currency on behalf of our other clients. We hold one or more separate Foreign Currency Accounts for each approved currency.

Money held on your behalf in a Foreign Currency Account may be used to buy international securities.

How to invest in Foreign Currency Accounts

To transfer money to or from a Foreign Currency Account, you can instruct us directly by providing us with a completed 'Foreign Currency Transfer' form (available from us or from your adviser) by email.

Where we receive a valid instruction to transfer money to or from a Foreign Currency Account before 2:00pm (Melbourne time) on a business day, we use our best endeavours to process the transfer to or from your cash account (as applicable) that day.

If you have money in a third-party bank account in an approved foreign currency and have been approved by us to use a Foreign Currency Account in the Wrap Service denominated in the same currency, we may, at our discretion, accept a transfer of that money directly into that Foreign Currency Account. This enables the transfer of an approved foreign currency into the Wrap Service without converting it to AUD. To transfer approved foreign currency into your Wrap Service account, please contact us to obtain the necessary banking details.

Features of holding money in a Foreign Currency Account using the Wrap Service

Exchange rates	Where you instruct us to convert currency in relation to a Foreign Currency Account, the exchange rate to be used is set by the ADI with which the Foreign Currency Account is held at the time your transfer is executed.
Minimum	The minimum value for any transaction involving Foreign Currency Accounts is A\$1,000.
Valuation	The AUD value of money that we hold on your behalf in a Foreign Currency Account is determined from time to time in accordance with the relevant exchange rate notified to us by a third-party data provider and fluctuates in accordance with movements in that rate.

Features of holding money in a Foreign Currency Account using the Wrap Service

No interest	No interest is paid to you on any money held on your behalf in a Foreign Currency Account. Where we hold money in a Foreign Currency Account on your behalf and we receive interest on that account, any interest received is retained by us.
Withdrawals from Foreign Currency Accounts	Generally, a withdrawal made from a Foreign Currency Account on your behalf is converted to AUD and paid into your cash account. However, where you purchase international securities using money held on your behalf in a Foreign Currency Account, or request that an amount be transferred in the foreign currency directly to another eligible bank account held in your name, the withdrawal from the Foreign Currency Account is not paid to the cash account or converted to AUD. We have discretion whether to allow you to transfer foreign currency directly to another bank account and the transfer may be subject to terms imposed by the operator of that other account.
Switching between Foreign Currency Accounts	You cannot switch directly between Foreign Currency Accounts within the Wrap Service. If you wish to transfer money between Foreign Currency Accounts, the relevant amount is first converted to AUD and paid from the first Foreign Currency Account into your cash account. The money can then be converted from AUD and transferred to the second Foreign Currency Account.
Trading international securities through your Foreign Currency Accounts	You can use your Foreign Currency Account to buy and sell international securities in their native currency using the online transaction functionality. If you buy international securities and you hold sufficient money in a Foreign Currency Account in the currency relevant to that purchase, you can request that the purchase of international securities be settled from your Foreign Currency Account. If there is insufficient money in your Foreign Currency Account, we convert the required amount of AUD from your cash account into the foreign currency as described in 'Wrap Service Guide 1a.
Information about your money in Foreign Currency Accounts	If you hold money in a Foreign Currency Account, the Foreign Currency Account appears as an asset in your Wrap Service account in statements and in online reports and transaction listings. The values of the asset are shown in AUD based on exchange rates provided to us by a third-party data provider. The exchange rate used to conduct a transaction may be different from the rate used to calculate the balance in your Foreign Currency Account. This means that the AUD value of the amount available to transact may be different from the Foreign Currency Account balance shown in AUD in statements and in online reports.

Unlisted Australian bonds

What are unlisted Australian bonds?

In this Wrap Service Guide 2, 'Australian Bonds' means:

- certain unlisted Australian bonds that have been approved by us for this purpose and are available through Austraclear Limited (ABN 94 002 060 773) ('**Austraclear**'), a clearing and settlement facility licensed under the Corporations Act; and

Investment options for Wholesale Clients

- interests in Australian Bonds acquired through specialist providers who have been approved by us.

A list of approved Australian Bonds is available from us, free of charge, on request. We have discretion to decline to approve or withdraw our approval of any Australian Bond at any time.

Investing in Australian Bonds using Austraclear

Buying and selling Australian Bonds

To invest in Australian Bonds, you must place your order with your chosen Approved Broker (as defined in the table below) and provide us with details of the trade no later than one business day after the day of the trade (T+1). Trades are settled via Austraclear and are settled directly from your Wrap Service cash account. We settle a purchase or sale of an Australian Bond using the details in the contract note delivered to us by your Approved Broker.

Where you give us an instruction to purchase an Australian Bond, we:

- only give effect to the instruction if there is sufficient cash available for investment in your cash account;
- within one business day of receipt of a contract note, direct Austraclear to settle the purchase transaction; and
- upon receipt of trade details, display the holding in your account and deduct the transaction cost from the available cash in your cash account.

Any applicable fees and brokerage are deducted on the date of settlement.

Where you give us an instruction to sell an Australian Bond, we:

- only give effect to the instruction if there are sufficient Australian Bond holdings (of the type referred to in the contract note) held in your account; and
- within one business day of receipt of the contract note, direct Austraclear to settle the sale transaction.

It is your responsibility to ensure that you have sufficient available funds in your cash account to settle a purchase and that you have sufficient Australian Bond holdings in your account to settle a sale. We are not responsible for any failure to settle a trade where there are insufficient funds or Australian Bond holdings in your account. Any expenses or other losses incurred in connection with a failed trade are deducted from your cash account and you are responsible for any cost, charge or other loss, liability or damage resulting from a trade that fails due to insufficient funds or Australian Bond holdings.

Features of holding Australian Bonds in the Wrap Service using Austraclear

Approved Broker	All trades must be placed through a broker approved by us (Approved Broker) and nominated by you or your Nominated Financial Adviser. A list of Approved Brokers is available, free of charge, by contacting us. If you wish to use a broker who is not an Approved Broker, you must seek our prior approval to have them added as an Approved Broker. We require a reasonable time to consider the application and we have discretion to approve or subsequently withdraw our approval of a broker.
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Features of holding Australian Bonds in the Wrap Service using Austraclear

Settlement and depository	All Australian Bonds are held by Austraclear on our behalf. We have an agreement with Austraclear to provide settlement and depository functions in relation to Australian Bonds and we pay fees to Austraclear under that agreement.
Minimum	The minimum trade amount is determined by the Australian Bond issuer and may be up to \$500,000 per transaction.
Pricing	We source end-of-day Australian Bond prices from a third-party data provider. The values of Australian Bonds held for you are shown in your online account and on statements. The values shown for Australian Bonds are determined using the most recent available end-of-day market price.

Investing in Australian Bonds in small parcels

The availability of investment in Australian Bonds in small parcels relies on us approving specialist providers, as described below.

You may instruct us to acquire interests in Australian Bonds at less than the normal marketable parcel size, through specialist providers who we approve. These providers offer facilities that enable the acquisition of interests in Australian Bonds where the amount of the interest may be less than the marketable value of the Australian Bond (**Bond Service**). The Bond Service is a facility provided by a third-party provider. We are not responsible for, or involved in, the operation of the Bond Service or the division of bond parcels and we cannot guarantee marketability or liquidity of holdings acquired and held through a Bond Service. Holding and trading interests in Australian Bonds through a Bond Service is subject to the terms and conditions of the Bond Service and you should ensure you are familiar with these terms and conditions. These are available from us or your adviser.

Buying and selling Australian Bonds in small parcels

You or your Nominated Financial Adviser can provide an instruction to the specialist provider or us to buy and sell interests in Australian Bonds held in your account through a Bond Service. It is your responsibility to ensure that you have sufficient available funds in your cash account to settle a purchase and that you have sufficient interests in the Bond Service in your account to settle a sale. We are not responsible for any failure to settle a trade where there are insufficient funds or holdings in your account. Any expenses or other losses incurred in connection with a failed trade are deducted from your cash account and you are responsible for any cost, charge or other loss, liability or damage resulting from a trade that fails due to insufficient funds or holdings.

Features of holding Australian Bonds in the Wrap Service using a Bond Service

Custody	We hold an interest in the Australian Bond on your behalf through the Bond Service. The underlying Australian Bonds are held by the Bond Service provider. We have an agreement with the Bond Service provider who holds the Australian Bonds in custody and issues us with an interest in the Australian Bonds.
Minimum	The minimum trade amount is determined by the Bond Service provider and may vary between securities.

Features of holding Australian Bonds in the Wrap Service using a Bond Service

Pricing	We source end-of-day Australian Bond prices from a third-party data provider. The values of interests in Australian Bonds through the Bond Service are shown in your online account and on statements. The values shown for your interests in Australian Bonds are determined using the most recent available end-of-day market price. Trades through the Bond Service are conducted at prices determined by the Bond Service provider.
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Any costs that we incur associated with any failed trade are deducted from your cash account. Where you instruct us to buy or sell interests in Australian Bonds using a Bond Service, the provider of the Bond Service sets the price of the interest and may receive a margin when executing your instruction to acquire or redeem an interest in an Australian bond. You should consult the provider of the Bond Service for information about the fees and costs that apply.

Unlisted international bonds

What are unlisted international bonds?

In this Wrap Service Guide 2, 'International Bonds' means certain unlisted international bonds that we have approved for this purpose and are available through the sub-custodian appointed by us for international securities. A list of approved International Bonds is available from us, free of charge, on request. We have discretion to decline to approve or withdraw our approval of any International Bond at any time.

Buying and selling International Bonds

To invest in International Bonds, you must place your order with your chosen Approved Broker (as defined in the table below) and provide us with details of the trade no later than one business day after the day of the trade (T+1). International Bonds cannot be traded online using our website.

Where you give us an instruction to purchase an International Bond, we:

- only give effect to the instruction if there is sufficient cash available for investment in your cash account²;
- upon receipt of trade details, reserve funds in your account sufficient to settle purchase transactions at the estimated cost;
- direct the sub-custodian to settle the purchase transaction on the settlement date;
- complete the conversion of currency necessary to complete the settlement²; and
- confirm the final cost to your account (the final cost may differ from the estimated cost due to changes in exchange rates).

Any brokerage costs we incur in acquiring and disposing of the International Bond in relation to a failed trade are deducted from your account.

² If you request to use native currency and you have sufficient funds in the applicable foreign currency account, then we will settle the transaction using the foreign currency.

Where you give us an instruction to sell an International Bond, we:

- only give effect to the instruction if there are sufficient International Bond holdings of the type referred to in the contract note held in your account;
- within one business day of receipt of a contract note, direct the sub-custodian to settle the sale transaction on the settlement date; and
- once the settlement is completed, convert the money received from the sale in the foreign currency to AUD and the proceeds are transferred to your account.³

Interest will not be paid to you on money that is held in foreign currencies.

Features of holding International Bonds in the Wrap Service

Approved Broker	All trades must be placed through a broker approved by us (Approved Broker) and nominated by you or your Nominated Financial Adviser. A list of Approved Brokers is available, free of charge, by contacting us. If you wish to use a broker who is not an Approved Broker, you must seek our prior approval to have them added as an Approved Broker. We require reasonable time to consider the application and we reserve the right at our absolute discretion to approve or subsequently withdraw our approval of a broker.
Settlement and depository	All International Bonds are held by our sub-custodian for international securities under a sub-custodian agreement and we pay the relevant fees to the sub-custodian under that agreement.
Minimum	The minimum trade amount is determined by the parcel size set by the issuer of the International Bond and may be A\$100,000 or more.
Pricing	We source end-of-day International Bond prices from a third-party data provider. The values of International Bonds held for you are shown in your online account and on statements. The values shown for International Bonds are determined using the most recent available end-of-day market price and the exchange rate between AUD and the currency in which the market price of the International Bond is quoted. The value of any foreign currency is based on the exchange rate between AUD and the foreign currency.

Note: the administration fee - international securities fee, international securities - share settlement fee and the international securities – foreign currency conversion fee as described in the 'Fees and costs' section of IDPS Guide also apply to International Bonds.

³ If you request to retain the native currency, then we will settle the transaction in the foreign currency.

Fees and costs of the Premium Service

The Premium Service provides Wholesale Clients with access to the investment options described in this Wrap Service Guide 2.

The fees and costs for the Wrap Service described in the 'Fees and costs' section of the IDPS Guide apply to amounts and assets held using the Premium Service. The following fees and costs also apply:

Type of fee or cost	Amount	How and when paid
Premium asset fee	\$50.00 per year for each wholesale managed fund and for each Australian Bond held in your account.	<p>The Premium asset fee is deducted annually from your cash account, following the end of the financial year to which it relates. The fee is applied for each wholesale managed fund and for each Australian Bond you hold or have held in your account during the relevant financial year.</p> <p>If you withdraw your entire account balance and close your account, the Premium asset fee will be deducted from your cash account before the proceeds are paid to you.</p>
Australian Bond transaction fee	\$20 per Australian Bond transaction	This fee is deducted on settlement when you instruct us to buy or sell Australian Bonds.

All fees and costs in relation to international investments are calculated with reference to the AUD value of the investment.

Negotiation of fees

We may, at our discretion, negotiate the amount of the Premium asset fee. You should contact us for further information regarding this.

Other information about Wholesale Investments

Offline transactions	Not all Wholesale Investments are available using your online account. Offline transaction fees do not apply in relation to buying and selling Wholesale Investments.
Minimum cash requirement	Wholesale Investments are not sold down to top up your cash account, unless there are no other liquid investments available. If you hold more than one Wholesale Investment, we have discretion to determine which holding(s) to sell to top up your cash account.
Dollar cost averaging	Wholesale Investments are not eligible to participate in a dollar cost averaging plan.
Auto sell down	Wholesale Investments are not eligible to be nominated in your auto sell down profile.
Reinvestment options	Wholesale Investments are not generally eligible to participate in our reinvestment options with the exception of certain wholesale managed funds.

General information only

The information provided in Wrap Service Guide 2 is general information only, and does not take into account your personal objectives, financial situation or needs. You should consider whether the information is appropriate for you in light of your personal objectives, financial situation and needs and you should consider seeking advice from a financial adviser before deciding whether to invest in the Wrap Service. If, at any time, a feature of the product as described in Wrap Service Guide 2 is not consistent with our legal obligations, our legal obligations will prevail.