

# LDI Connect 3 Portfolio

# Fact Sheet

## About the Portfolio

The LDI Connect 3 Portfolio (the Portfolio) is a multi-asset portfolio. It is primarily designed to provide a source of defensively invested capital for the funding of specific portfolio liabilities that fall due during the next 3 to 6 years – in line with the MGD Wealth Liability Driven Investing philosophy. It is a diversified portfolio but with a significant focus on defensive investments, thereby attempting to reduce the level of capital volatility experienced by the investor (as compared to equity market volatility generally). The Portfolio can invest in a broad spectrum of opportunities in Australia and overseas including traditional assets, alternative investments and both listed and direct investments. Exposure to this Portfolio tends to suit cautious investors.

## Portfolio strategy options

The key portfolio strategy options for incorporating the LDI Connect 3 Portfolio within an overall portfolio could include:

- providing a source of investment capital for the funding of specific portfolio liabilities that fall due during the next 3 to 6 years, and/or
- provide an all-in-one diversified portfolio solution for investors who are looking for a portfolio of principally defensive assets and investments, and/or
- provide a core defensive portfolio solution that can be complimented with satellite or more targeted investments to achieve the desired overall portfolio strategy.

## Portfolio performance objectives

Over rolling three year periods:

- an after fee and expense investment performance greater than the Cash Rate<sup>1</sup> plus 2% p.a., and
- 4% p.a. target volatility as measured by standard deviation of returns<sup>2</sup>.

(Remember, neither of these are guaranteed, forecast or promised).

## About MGD Wealth...Financial clarity through true integration

MGD Wealth specialises in providing integrated financial advice solutions to business owners, professionals, high income earners and self-funded investors. To achieve this they have built a suite of specialist advice capabilities and developed an advice model that seamlessly integrates them to deliver optimal financial advice - a complete wealth management solution without the traditional gaps in formation and execution. MGD Wealth's services include: Total Wealth Management, Investment Advisory, Self-Managed Super Advisory, Personal Risk Insurance Advisory and Tax Advisory.

## About MGD Wealth Investment Advisory

MGD Wealth believes that the key to prudent investing is to match clients' long-term financial goals and objectives with appropriate underlying investments, with regard to the risk and return expectations of those investments. In simple terms, the investment philosophy is the implementation of portfolio management strategies and activities that aim to ensure that cash reserves are available to meet portfolio liabilities as and when they fall due. It is a philosophy that the MGD Wealth Group calls Liability Driven Investing. For more information on MGD Wealth's approach to Liability Driven Investing, speak to your MGD Wealth Investment Advisory specialist.

## About the MGD Wealth and Select Asset Management partnership

MGD Wealth has partnered with leading wealth management group, Select Asset Management Limited (Select) to operate the MGD Wealth Portfolio Solutions – including the LDI Connect 3 Portfolio. The MGD Wealth Investment Review Committee Charter governs the overarching investment strategy of the MGD Wealth Portfolio Solutions investments. Representatives from MGD Wealth and Select comprise the MGD Wealth Investment Review Committee. Select has been appointed to manage the day to day activities of the MGD Wealth Portfolio Solutions – including the LDI Connect 3 Portfolio.

### FACTS - AT A GLANCE<sup>^</sup>

#### FUND TYPE

Multi-asset portfolio focused on defensive assets

#### FUND MANAGER & RESPONSIBLE ENTITY

Select Asset Management

#### FUND STRUCTURE

Open ended Australian registered unit trust

#### OBJECTIVE

- an after fee and expense investment performance greater than the Cash Rate<sup>1</sup> plus 2% p.a. over rolling 3 year periods, and  
- 4% target volatility as measured by standard deviation of returns<sup>2</sup>.

#### SUGGESTED INVESTMENT TIMEFRAME

Minimum 3 years

#### LEVEL OF RISK

Low to medium

#### MINIMUM INVESTMENT

A\$25,000 (for direct investors)

#### FUND START DATE

3 January 2012

#### START DATE OF UNDERLYING FUND

2 December 2002\*

#### APPLICATIONS

Weekly and monthly

#### WITHDRAWALS

Weekly and monthly

#### DISTRIBUTIONS

Six monthly, 30 June and 31 December

#### MANAGEMENT COSTS

Est. 1.00% p.a. (incl. irrecoverable GST)

#### PERFORMANCE BENCHMARK

180 day Australian Bank Bill return

#### ENTRY/EXIT FEE

None

#### BUY SELL SPREAD

0.25% each side (paid to the Portfolio)

#### UNIT PRICES

Weekly and monthly

#### APIR CODE

SLT0032AU

#### ARSN

154 532 402

\* Select Defensive Portfolio

<sup>^</sup> Please refer to the Portfolio PDS for a detailed description of fees and Fund facts.

<sup>1</sup> The Cash Rate is the 180 day Australian Bank Bill return.

<sup>2</sup> A measure of the degree of variation of returns around the mean (average) return. Increasing levels of dispersion around the mean leads to higher standard deviations, indicating a higher degree of volatility and risk.

## About Select

Select was founded in June 2002 as a specialist investment management group focusing on wealth creation and capital preservation. Over the past decade, Select has earned a reputation as an original thinker: one of Australia's most innovative providers of multi-asset portfolios. With 22 employees based in Sydney and an investment advisory panel comprising leading investment industry experts, the Select team has extensive experience in managing wealth through different market cycles.

## About the investment process

MGD Wealth believes that a dynamic investment process is required to ensure that the performance objectives of the Portfolio are met over the longer term. In short, our aim is to help investors create wealth carefully over time by building portfolios that are designed to do well in rising markets but to also limit major losses to capital in difficult market conditions. Via the appointment of Select to manage the day to day activities of the MGD Wealth Portfolio Solutions, MGD Wealth is striving to achieve the Portfolio performance objectives by:

- positioning the Portfolio with the appropriate asset mix to achieve the investment objectives based on our forward looking scenarios, asset class valuation models, sentiment and momentum indicators,
- investing in value creating opportunities across different markets, investment managers and strategies through our rigorous due diligence process, and
- focusing on preserving capital by aiming to limit major capital losses during difficult market conditions, through our use of alternative investments and sophisticated portfolio protection strategies.

## About the investment strategy

In appointing Select to actively manage the Portfolio MGD Wealth has positioned the Portfolio to be diversified, being generally exposed to a broad range of Australian and International investments, many of which are themselves further diversified, and to seek out opportunities across various assets, sectors, styles and strategies. The Portfolio offers exposure to local and international equities, property, fixed interest and alternative investments, as well as some cash. Exposure to these various investment sectors is considered with reference to the performance objectives of the Portfolio, with particular focus on the volatility and risk targets for the Portfolio.

## About the competitive edge of the MGD Wealth Portfolio Solutions

We believe the MGD Wealth Portfolio Solutions offer investors a competitive edge over other investment portfolio solutions in the following ways:

- a philosophy that regular compounding returns, emphasising capital preservation and steady gains over the medium to long term, will lead to better long term investor outcomes,
- a belief that a flexible approach to asset and sector allocation and individual investment selection is required to most appropriately manage our clients' investment capital,
- the ability to consider the full universe of investment assets and strategies, including alternatives, such as gold, infrastructure and commodities as deemed appropriate.
- the ability to incorporate a wide range of listed market investments – including Exchange Traded Funds, Listed Investment Companies and Listed Unit Trusts – to compliment specialised unlisted managed funds,
- the ability to access world class investment strategies that are quite often not available to retail investors,
- the ability to implement changes to the portfolio strategy quickly to suit the changing economic and investment market landscape without the traditional delays and potential lost opportunities experienced in directly invested portfolios,
- providing our investors with access to an experienced research team and advisory panel, and
- applying a robust and disciplined risk management framework incorporating scenario analysis and stress testing.

### PUBLISHED UNIT PRICES

Ask your MGD Wealth Financial Adviser or contact us for the latest prices.

### DIRECT INVESTMENTS

#### STEP 1

Read the PDS and speak to your adviser.  
P: 07 3391 5055  
E: advice@mgdwealth.com.au

#### STEP 2

Complete the application booklet in the relevant PDS.

#### STEP 3

Please send all forms and cheques to:

BNP Paribas Australasia Pty Ltd  
C/O Registry Services Department  
PO Box R209  
Royal Exchange, NSW 1225

### INVESTMENTS VIA BT WRAP

#### STEP 1

Contact your adviser at MGD Wealth  
P: 07 3391 5055  
E: advice@mgdwealth.com.au

#### STEP 2

Complete the forms to open an account with BT Wrap. If you have not already done this, your adviser can assist you.

#### STEP 3

Use the forms provided by BT Wrap to choose the relevant Portfolio and advise how much you wish to invest. You must have sufficient available cash in your cash account to purchase investments.

#### STEP 4

Give the forms to your adviser.

### CONTACT DETAILS

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