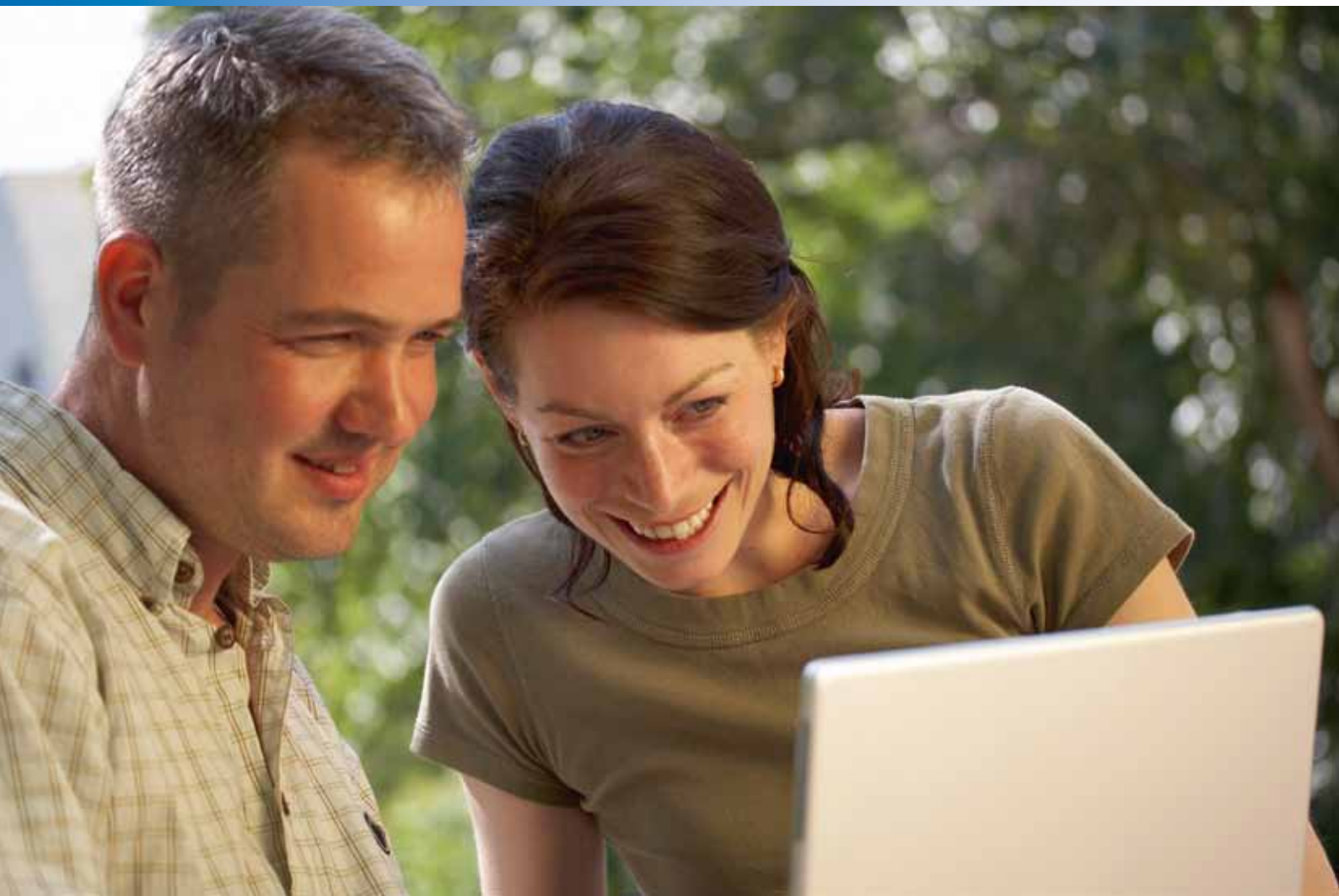




# Separately Managed Account

## Product Disclosure Statement

10 August 2009



Navigator Australia Limited ('Navigator') ABN 45 006 302 987 Australian Financial Services Licence ('AFSL') Number 236466 is the issuer of this Product Disclosure Statement ('PDS') and is wholly responsible for its contents. This PDS describes the main features of the Integrated Separately Managed Account, a registered managed investment scheme (ARSN 138 086 889) referred to in this PDS as 'the SMA'. Navigator is the Responsible Entity of the SMA. In this PDS references to 'us', 'we', or 'our' relate to Navigator.

Navigator's Australian parent company is Aviva Australia Holdings Limited ABN 38 095 045 784 ('Aviva Australia'). As at the date of this PDS, Aviva Australia is in the process of being sold by its current ultimate parent company, Aviva plc, to the National Australia Bank group ('NAB'). The sale is subject to regulatory approval and is expected to complete in late 2009. Following completion Aviva Australia will be owned by NAB and the Aviva name will be used under licence from Aviva plc. NAB is not responsible for the contents of this PDS prior to completion. Further details about the sale, including the date of completion, will be made available at [aviva.com.au](http://aviva.com.au).

This PDS is intended only for use by persons investing through an investor directed portfolio service, a master trust, a superannuation fund, or wrap account (collectively 'Platforms') administered or operated by Navigator or a related entity. Navigator authorises the use of this PDS as disclosure to clients or prospective clients of a Platform. In this PDS references to 'you' or 'investors' are to persons investing through a Platform. Where investing through a superannuation fund the trustee of the superannuation fund will be the beneficial owner and taxpayer in respect of the investment in the SMA.

Some of the information contained in this PDS may change from time to time. Where those changes are not materially adverse from the point of view of a reasonable person deciding, as a retail client, whether to invest in the SMA, the updated information will be made available through [aviva.com.au](http://aviva.com.au) or a paper copy of the updated information will be provided without charge on request if you call Investor Services on 1300 428 482. Where the changes are significant or material, a new PDS or Supplementary PDS will be issued. None of Navigator, its related bodies corporate, or their respective officers guarantee the capital invested by investors or the performance of the SMA.

In preparing this PDS, Navigator has not taken into account the investment objectives, financial situation or particular needs of any particular person. Before you make an investment decision on the basis of information contained in this PDS, you need to consider, with or without the assistance of a financial adviser, whether an investment in the SMA is appropriate in light of your particular investment needs, objectives and financial circumstances.

This PDS is made available electronically. The offer or invitation to which this PDS relates is only available to persons receiving a copy (including an electronic copy) of this PDS within Australia.

## Important!

### Instructions on how to read this PDS

You should read this PDS in conjunction with the Separately Managed Account Reference Guide ('Reference Guide'), which contains additional information about the SMA. The PDS may refer you to particular sections of the Reference Guide for further information and/or specific terms and conditions associated with the SMA. We recommend that you read both documents before making a decision to invest in the SMA. The information contained in the Reference Guide is taken to be included in this PDS.

The Reference Guide is available via our website (see web location below), or you can obtain a copy free of charge by contacting us directly on 1300 428 482.

Location:

[http://www.aviva.com.au/disclosure/sma/reference\\_guide](http://www.aviva.com.au/disclosure/sma/reference_guide)

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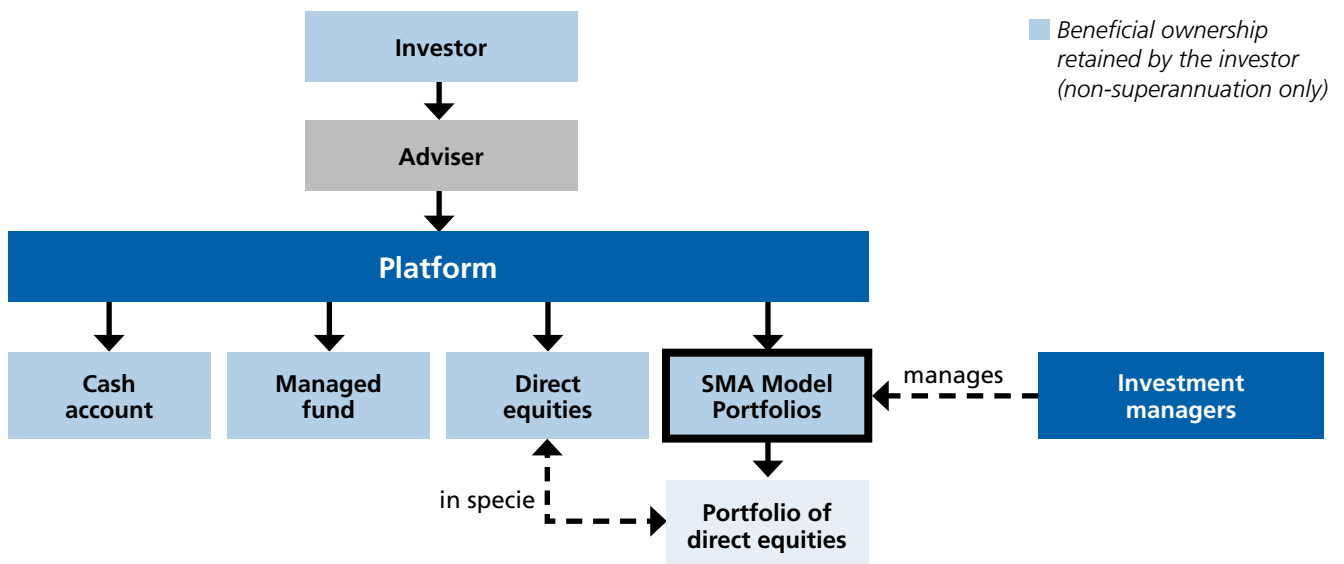
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## Section one

# What is the SMA?

The SMA is a registered managed investment scheme that allows you to access a number of professionally constructed and managed investment portfolios ('Model Portfolios') comprising Australian listed shares and cash, in which beneficial ownership is retained by you (or the trustee in the case of a superannuation investment). We do this by establishing an individual portfolio of shares for you that corresponds to the shares held within the investment manager's portfolio (subject to the minimum trade size). You can choose from a range of Model Portfolios managed by professional investment managers. Information about each of the available Model Portfolios is included in the Reference Guide.

The SMA can only be accessed via an eligible Platform.



## Section two

# Summary of the SMA's features

Feature	Key information	More details
Model Portfolios	Choose from a range of Model Portfolios, managed by professional investment managers	Refer to the Reference Guide
Initial investment	\$10,000 per Model Portfolio (a minimum of \$30,000 per Model Portfolio is suggested)	Refer to page 7
Additional investment	No minimum	Refer to page 7
Minimum balance	\$10,000 per Model Portfolio	Refer to page 8
Withdrawal	No minimum	Refer to page 7
Minimum trade size	The greater of \$250 or 0.10% of the balance in the Model Portfolio	Refer to page 8
Minimum cash holding	At least 1% of the balance of each Model Portfolio will be held in cash	Refer to page 8
Transfer of shares into or out of the SMA	Initial investments into the SMA may be funded by the transfer of existing shares that you own that also form part of the chosen Model Portfolio. Underlying shares may also be transferred out of the SMA	Refer to page 7
Transfer between Model Portfolios	Underlying shares that are common to both models can be transferred between Model Portfolios to minimise the need to sell down shares	Refer to page 7
Model management fees	Up to 0.92% per annum (depending on the Model Portfolio)	Refer to page 11
Reporting	Available via the Platform	Refer to page 9

## Section three

# Key benefits

### Individual accounts

Unlike a unitised managed fund in which investors collectively have an interest in the pool of fund assets, with the SMA the investor has absolute beneficial ownership in the assets held in their account. Although you are investing in the SMA's Model Portfolios through a Platform, your holdings are still accounted for individually.

### Transparency

Traditional managed funds do not normally provide you with a breakdown of the underlying shares held. The SMA, however, allows you to view the underlying shares that you hold within your chosen Model Portfolio(s) through your Platform reports and facilities.

### Portability

If you already own Australian shares that are also included as part of a Model Portfolio, you can transfer them into the SMA and still retain beneficial ownership.

You are able to transfer (in specie) shares out of the SMA into your Platform account or your own name (non-superannuation investors only) without triggering a capital gains tax (CGT) event.

You can also transfer shares between Model Portfolios within the SMA. Those underlying shares that are common to both Model Portfolios are transferred without them being sold down, subject to current weights. Refer to page 7 for more detail.

### No inherited capital gains

When you buy units in a traditional managed fund your investment is pooled with other investors and it is possible that you may inherit a share of the capital gains that have already been accumulated by the pool of investments. When capital gains are realised, often as a result of other investors redeeming, the gains are attributed between all investors (including you) even though the gains may have been accumulated before you joined the fund.

By investing in the SMA, an individual cost base is established for you on the day the shares are bought in the SMA and this relates solely to the price of the underlying shares purchased for you at the time of your investment. There are no tax consequences for you as a result of other investors' transactions.

### Professional investment management

The SMA provides you with access to leading experienced professional investment managers who ensure that each Model Portfolio is continually monitored and managed.

### Lower management costs than most managed funds

Normally when you invest into a unitised managed fund through a platform you pay for two layers of administration, one for the administration of the platform and one for the administration of the managed fund. However, the SMA is integrated with the technology of the Platform. The removal of this additional layer of administration can reduce the overall cost to you, the investor.

### Integration – all your investments in one place

Unlike other existing SMA products, the SMA is fully integrated with our range of Platforms. This means that you can consolidate all your investments in one place, which makes transacting between the SMA and your other investments easier and provides you with access to complete consolidated reporting across all of your investments.

## Section four

# Understanding risk and return

Any investment decision you make involves some degree of risk. Your investment decision may take into account factors such as the amount of money that you wish to invest, your circumstances, your personal financial risk tolerance and your needs for the future. As a general rule, the higher the risk, the higher the potential returns.

Your financial adviser can assist you in assessing the above as well as selecting the appropriate Model Portfolio(s).

It is important you understand the relationship between risk and return prior to making your investment decision, especially in light of the time frame you are considering for your investment.

In general terms, 'risk' means the likelihood of changes in the rate of returns from, and changes in the value of, an investment. In other words, the relative likelihood of negative returns or capital loss.

One commonly used measure of investment risk is volatility. This refers to the tendency of investment values to fluctuate. This volatility can apply to both the market price and the income of a particular investment.

Each of the Model Portfolios invest in shares which are classified as growth assets. Shares can earn double digit returns in one year but have the ability to also provide single digit or even negative returns in another year.

The Model Portfolios are suitable for investors who seek long-term capital growth and who are willing to accept the risk of price fluctuations and possibly even negative returns over the short term. The minimum suggested investment period for the SMA is five years. Therefore, if you make withdrawals within a shorter timeframe, there is an increased risk of loss.

## Risk management and other information

When you are investing in any of the Model Portfolios you should consider the liquidity, return, risk and diversification characteristics of each to allow you to effectively compare between them and other investment alternatives.

### Liquidity

Liquidity refers to the ease with which an investment can be converted into cash or disposed of at market value.

### Return

Return refers to the amount earned from an investment or made on its disposal.

### Specific risks

There are many different types of risks applicable to different investments. Some of the risks specific to the SMA are shown on the table on the next page.

Risk	Description
Company specific risk	The risk that the value of a company's share price or dividends or other forms of income paid may decline. The performance of an individual company can fluctuate for a number of reasons such as a change in its financial or operating circumstances, any changes to the industry within which it operates, the market assessment of that company's performance as well as broader economic influences such as market risk, and the level of interest rates and inflation.
Interest rate risk	A rise in the general level of interest rates can have a negative impact on a company's value due to higher borrowing costs and a lower valuation of its future earnings.
Regulatory risk	The value of underlying shares within a Model Portfolio may be affected by unexpected changes in government regulation, political and taxation policies.
Market risk	The risk associated with a downturn in general economic conditions both inside and outside Australia including the level of interest rates, inflation and taxation as well as changes in investor sentiment which are all outside the control of the investment manager but which may impact the performance of the market.
Active management risk	Active investment managers aim to outperform by seeking out attractive shares to invest in as opposed to investing in a predetermined basket of securities (such as an index). A Model Portfolio may underperform relative to its stated benchmark due to an investment manager exercising poor share selection skills leading to a Model Portfolio not achieving its stated performance objectives or not producing returns that compare favourably against its peers.
Scheme risk	Risks particular to the structure of the SMA include potential termination of the SMA, a change in fees and expenses, or a change in investment managers.
Concentration risk	The lower the number of shares held within a Model Portfolio, the more likely it is there will be a greater volatility in returns as the performance of a few individual shares has a greater impact on the performance of the overall Model Portfolio.
Liquidity risk	Where an underlying share within a Model Portfolio is not readily tradable (for example, a share suspended from trading on the market), the ability to liquidate those securities in a timely manner and at a reasonable price may be impacted therefore affecting the ability to rebalance a Model Portfolio or resulting in delays in processing withdrawal requests.
Small companies risk	In general, smaller companies tend to operate in more limited markets, have fewer financial resources and depend heavily on key personnel when compared to larger companies. Shares in small companies listed on the Australian Stock Exchange ('ASX') also tend to trade less frequently and in smaller volumes and they may fluctuate more sharply in price than larger companies.

## Section five

# How the SMA works

## How to invest

Investment in the SMA is only available through a Platform that we administer or operate. We refer to people who invest through a Platform as indirect investors. As an indirect investor you may use the information in this PDS to direct the Platform to invest in the SMA on your behalf. To invest in the SMA, you will need to first set up a Platform account by completing the application form for the relevant Platform.

If you want to make an additional investment or withdrawal from the SMA you will have to direct the Platform to do so. We will provide confirmation of transactions, transaction statements, tax statements and financial reports to the Platform.

Even though investments are held through a Platform, each investor's holdings are still individually accounted for in the SMA.

You should also refer to the relevant Platform offer document for your rights and entitlements, including any relevant 'cooling off' provisions. This is available from your financial adviser.

The minimum initial investment into the SMA is \$10,000 per Model Portfolio and there is no minimum for additional investments. However, a suggested initial investment of \$30,000 should help to minimise transaction costs. Before investing you should discuss with your financial adviser what amount is appropriate to invest into the SMA.

Investments into the SMA can be made as either cash or as a transfer of shares or a combination of both.

### Transferring shares into the SMA

You can transfer shares that you own into the SMA and a Model Portfolio without the need to sell the shares. Shares to be transferred into the SMA may be directly held in your own name or held for you via a Platform. This is known as an 'in specie' transfer. Only shares currently available in the chosen Model Portfolio may be transferred.

Where the shares transferred into the SMA have a greater weighting than required within the Model Portfolio you have chosen, some of the shares will be sold, resulting in a CGT event, and other shares that form part of the Model Portfolio will be purchased.

## Who can invest?

Superannuation funds, companies, partnerships, trusts and individual investors may invest.

## Transferring and switching between Model Portfolios

You can direct the Platform to either transfer or switch your investment between Model Portfolios.

### Transferring

If you transfer between Model Portfolios, we will transfer all the shares that are common to both the current Model Portfolio and new Model Portfolio(s) without selling down those shares. Shares that are not in common with the new Model Portfolio(s) will be sold and cash transferred to purchase the shares required to match the new Model Portfolio(s). Any excess weighting to shares transferred will also be sold down to purchase the required shares in the new Model Portfolio(s).

Please note, when requesting a dollar amount to transfer, the transaction will be initiated using the market value of the underlying shares current at the date we process the instruction. However, these values may change during the time it takes to complete the transfer.

### Switching

If you direct the Platform to switch your investment between Model Portfolios, all the shares in the current Model Portfolio will be sold, resulting in a CGT event, and the cash will be transferred to the new Model Portfolio(s) to purchase the required shares.

## Withdrawals

To fulfill withdrawal requests we sell down shares in the nominated Model Portfolio(s). Withdrawals will normally be initiated within three business days from when you direct the Platform to do so.

At the time of a withdrawal, if your remaining balance in the Model Portfolio falls below \$10,000 we reserve the right to withdraw the remaining balance and close your investment in the Model Portfolio.

Please note that we will endeavour to ensure that for partial withdrawals you receive the exact amount requested, however, in times of market volatility you may receive less if there is an unexpected downward movement in share prices.

## Transferring shares out of the SMA

You are able to direct the Platform to transfer shares out of the SMA to your Platform account to satisfy a withdrawal request.

If we are unable to sell down or transfer shares to satisfy a withdrawal request due to events outside of our control, (for example, a share is suspended from trading on the ASX) we reserve the right to delay completing the withdrawal request for as long as the circumstances prevail.

If you choose to transfer only some shares out of a Model Portfolio within the SMA, you should note that the Model Portfolio will be rebalanced. This could potentially result in the same shares being repurchased.

## Rebalancing of Model Portfolios

The Model Portfolios are monitored by professional investment managers who provide us with changes to the share selection and weightings on a regular basis. We rebalance your Model Portfolio(s) on a regular basis to ensure consistency with the investment managers' portfolio weightings. Rebalancing will generally be done when:

- an investment manager changes the holdings or weightings in a Model Portfolio
- a new investment is made
- a withdrawal is made, or
- the balance of the cash component of one of your chosen Model Portfolios falls below the minimum requirement

**Please note that there may be some circumstances in which your Model Portfolios do not exactly match the investment managers' portfolio weightings. For example, if a share is suspended from trading on the ASX or if share trades do not meet the minimum trade size requirements.**

## Trading consolidation and netting

All required trades for each Model Portfolio are aggregated on a daily basis to take advantage of trading on a greater scale and netting. For example, if one investor is investing and another is withdrawing, the required buy and sell trades will be netted off against each other and only the net buy or sell trades placed onto the share market.

Once trades have been executed on the market the average price for each consolidated share trade is then calculated and the applicable pro-rated brokerage applied to each individual investor.

## Minimum trade size

A minimum trade size per share trade will normally apply and shares within your account will only be traded if they exceed the minimum trade size. The minimum trade size is equal to the greater of 0.10% of the balance of your investment in a Model Portfolio or \$250. The purpose of the minimum trade size is to reduce the number of small share trades within your account and minimise brokerage costs associated with trades. The minimum trade size may not be applied in the following circumstances:

- initial investment into a Model Portfolio
- withdrawals
- trades as a result of a reweight initiated to bring the cash component within a Model Portfolio back to a balance of 1%, and
- where the investment manager has requested an entire holding of a share to be removed from a Model Portfolio

## Minimum cash balance of the Model Portfolios

Each Model Portfolio must contain a cash component of at least 1% unless set higher by the investment manager. If the balance of the cash component within one of your chosen Model Portfolios falls below 1%, then the Model Portfolio will be rebalanced resulting in shares being sold to bring the balance of the cash component back up to the minimum.

The balance of the cash component of a Model Portfolio is currently made up of deposits with an Approved Deposit-taking Institution ('ADI'). In the future, we may also choose to invest some of the balance of the cash component in a Cash Management Trust selected by us.

## Automatic payment of investment income

Investment income is received by the SMA as cash and is initially deposited into the cash component of the respective Model Portfolios. Where indicated in the Model Portfolio profiles included in the Reference Guide, some of the Model Portfolios will automatically pay dividend and interest income to your Platform account. Please note, other types of income received are not automatically paid to your Platform account.

Where income is not automatically paid to your Platform account it is retained in the cash component of the Model Portfolio and is reinvested at the discretion of the investment manager in accordance with the Model Portfolio mandate.

Any income received after a Model Portfolio within the SMA has been closed will be automatically transferred to your Platform account.

## Corporate actions

Sometimes there will be corporate actions (e.g. a discretionary takeover) on the shares held within a Model Portfolio. Because your shares are held in the name of the SMA, you will not receive communications relating to corporate actions. Our policy is to act in accordance with the direction provided by the relevant investment manager for each Model Portfolio and not on individual directions from investors.

## Investment performance

As the SMA commenced on 10 August 2009, past investment performance information for the Model Portfolios is not currently available. Once performance information is available, it will be accessible for all the Model Portfolios from:

- your Platform website
- Investor Services on 1300 428 482
- your financial adviser

Past performance should not be taken as an indication of future performance.

## Investor rights

As an indirect investor in the SMA, your investment is held in the name of the operator/trustee of your Platform. Accordingly, you do not acquire the rights of an investor in the SMA, or any direct interest in the SMA. For example:

- you will not receive reports directly from the SMA, but you will get updates from your Platform through which you invest in the SMA
- any automatic payment of investment income from the SMA is transferred to the Platform operator or administrator and allocated to your Platform account, less charges, in accordance with the relevant Platform offer document
- you do not vote at investor meetings of the SMA
- information is not directly available from the SMA, however you can contact your Platform with your requests
- any complaints you have should be directed to your Platform (refer to page 15)
- you will not receive communications relating to corporate actions or be able to provide us with direction on how to act or vote
- you will not have access to discount cards associated with some share investments
- you will not have any cooling off rights in relation to the SMA

## Reporting

We will provide all relevant reports such as confirmation of transaction reports, tax statements and financial statements to your Platform.

Through your Platform your adviser can provide you with access to view the current breakdown of the underlying shares within the Model Portfolio(s) that you hold. In addition, your adviser may also provide you with access to a report that details any underlying transactions within the Model Portfolio(s).

Please note, where trading is being undertaken in shares of a Model Portfolio, at the discretion of the investment manager, you may not be able to view the breakdown of a Model Portfolio for the period of the trade.

Further information regarding your reporting rights and entitlements will be outlined in the relevant Platform offer document.

## Section six

# Fees and other costs

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better investor services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission ('ASIC')** website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

The information in the above box is a standard consumer advisory warning and does not provide specific information on the fees and charges that you may be charged.

This section shows fees and other costs that you may be charged for investing in the SMA. These fees and costs are deducted from the cash component of each of your chosen Model Portfolios.

Taxes are set out in another part of this document.

Fees are shown including stamp duty, Goods and Services Tax ('GST') and net of reduced input tax credits unless otherwise stated and are rounded to 2 decimal places.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

The fees and costs payable for the Platform will be in addition to the SMA's fees and costs detailed in this section. Fees and costs for investing through a Platform are set out in the relevant Platform offer document.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves into or out of the SMA</b>		
<b>Establishment fee</b> The fee to open your investment.	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment.	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment.	Nil	Not applicable
<b>Termination fee</b> The fee to close your investment.	Nil	Not applicable
<b>Management costs</b>		
<b>Model management fee</b> The fees and costs for managing your investment. The amount you pay for specific Model Portfolios is included in the Reference Guide.	In relation to each Model Portfolio, up to 0.92% per annum (up to \$9.20 per annum per \$1,000 invested) of the balance of each investment in that Model Portfolio.	Deducted from the cash component of your chosen Model Portfolios on a monthly basis based on the average balance over that month.
<b>Service fees</b>		
<b>Investment switching fee</b> The fee for changing funds.	Nil	Not applicable

## Model management fees

The model management fees are the total of annual fees you pay to us for managing your investment. Model management fees are charged on a monthly basis on the average balance you hold within each Model Portfolio. Model management fees for each of the Model Portfolios are included in the Reference Guide.

Under the SMA's constitution ('Constitution'), we can charge model management fees up to a maximum of 5% per annum. We have no present intention to increase the model management fees currently charged. If we decide to increase the model management fees for a Model Portfolio above the level shown in the table above, we will advise you 30 days before the model management fees are increased.

## Transaction costs

Transaction costs, such as brokerage and stamp duty, apply when underlying shares are bought or sold within a Model Portfolio you hold. To minimise brokerage costs, the SMA consolidates and nets off share trades across individual investors within each Model Portfolio, with the total brokerage amount pro-rated across investors. The brokerage currently charged by the default broker used by the SMA for the execution of share trades is 0.21% of the total trade amount (subject to a minimum of \$5.13).

An investment manager for a Model Portfolio may choose to use a broker other than the default broker and in this circumstance the brokerage costs may vary.

## Bank fees

Any bank fees associated with operating the cash component of a Model Portfolio, including the overdraft facility, will be offset against any positive interest accrued by the cash component within the Model Portfolio during the same month.

## Negative cash component fee

In normal circumstances your cash component in any of your chosen Model Portfolio(s) will have a positive balance. However, this cash component can have a negative balance if there are insufficient funds to settle a trade (for example, as a result of an investment manager rebalancing a Model Portfolio) or to fund a partial withdrawal request. If this occurs, a fee will be charged to your cash component for the period that your cash component has a negative balance.

Where the overall cash component for the Model Portfolio remains positive, the fee equates to the interest charged at the daily rate applicable for the overall cash component for the period that your cash component has a negative balance. The fee will be offset against any positive interest accrued by your cash component within the Model Portfolio during the same month.

An overdraft facility with an ADI is available if the overall cash component of a Model Portfolio becomes negative. If this occurs you will be charged any interest expense associated with your proportion of the overdraft facility.

## Other expenses

Under the Constitution, we are entitled to be reimbursed from each Model Portfolio for expenses incurred.

Such expenses include, but are not limited to:

- legal and audit costs
- GST
- other government taxes and charges
- custody costs
- other costs incurred in administering the SMA

At present, we do not deduct any expenses from the Model Portfolios and we will pay these expenses from the model management fees. If this changes in the future, you will receive 30 days prior written notice of the change.

## Maximum fees and costs

The Constitution allows for additional charges to be imposed for each of the Model Portfolios. We have no present intention to impose these charges. If we subsequently decide to impose the charges you will be given 30 days prior written notice. The charges are a contribution fee (maximum of 5%), a transaction fee (maximum of 2% of the value of the transactions executed), an exit fee (maximum of 5%), a fee for transferring shares (maximum of \$125 per share holding) and a performance fee (maximum of 50% of out-performance of a benchmark). In addition, where you transfer shares in and out of the SMA, the Constitution provides that we can require you to pay any stamp duty or other costs associated with the transfer.

## Adviser remuneration

Currently your financial adviser does not receive payments (remuneration) from us in respect of any investments in the SMA.

However, in return for the promotion and marketing of the SMA, we may pay the AFSL holder, with whom your financial adviser is an authorised representative, remuneration based on the overall volume of business they generate with us. Part of this remuneration may be passed onto your financial adviser

by the AFSL holder. Any such remuneration is not an additional charge to you. We may also provide your financial adviser and/or AFSL holder with non-monetary benefits (such as airfares, accommodation, conferences, technical support etc), known as alternative forms of remuneration. Your financial adviser should provide you with a Financial Services Guide and/or Statement of Advice, which will provide more specific details on such remuneration and non-monetary benefits.

## Alternative Forms of Remuneration Register

We are required to comply with the Investment and Financial Services Association Limited/Financial Planning Association Industry Code of Practice on Alternative Forms of Remuneration in the Wealth Management Industry ('the Code'). The Code requires us to maintain a register that records forms of alternative remuneration which we pay to distributors of our products or we receive from providers of products made available through us. Registers are required to be maintained by investment managers, platform providers, dealer groups and representatives. A copy of our register may be accessed by contacting Investor Services on 1300 428 482.

## Other fee information

### Goods and Services Tax ('GST')

For information on GST and the taxation of your investment please refer to the section titled, 'Taxation information' on page 13.

## Fee example

### Annual fees and costs for the Ausbil Australian Concentrated Equity Model Portfolio.

The table below gives an example of how the fees and costs in the Ausbil Australian Concentrated Equity Model Portfolio can affect your investment over a one year period. You should use this table to compare this product with other investment products.

Example - Ausbil Australian Concentrated Equity Model Portfolio		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	0%	For every additional \$5,000 you put in you will be charged \$0
<b>Plus</b> Management costs Model management fee	0.92%	<b>And</b> , for every \$50,000 you have in the Ausbil Australian Concentrated Equity Model Portfolio within the SMA you will be charged \$460.00 per year
<b>Equals</b> Cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000, you would be charged a fee of: \$460.00 What it costs you will depend on the Model Portfolio you choose and the fees you negotiate with your fund or financial adviser.

Please note that the model management fees above are calculated based on the initial \$50,000 investment only. Thus the calculation ignores the effect of contributions, earnings, tax and other deductions on the account balance during the year (i.e. transaction costs and brokerage). Therefore the 'cost of fund' in the example does not include the impact of cashflow during the year on the model management fee.

## Section seven

# Taxation information

## Goods and Services Tax ('GST')

GST does not apply to your investment as it is a financial supply that is input taxed. However, GST will apply to fees and charges on services provided to you. The SMA is entitled to claim reduced input tax credits of 75% of the GST remitted to the Australian Taxation Office ('ATO') on most of the services provided. This means the net impact of the GST on most fees and charges is 2.5% (10% less 7.5%). You will receive the benefit of any reduced input tax credits the SMA can claim in the form of a credit to the cash component of the relevant Model Portfolio.

## Resident individual investors

This information applies to individuals who are residents of Australia for tax purposes and who hold their investments on a longer term basis. For other types of investors such as companies and superannuation funds, or for investors who frequently trade in their investments, the tax information below may not apply. If your Platform is a superannuation fund, it is the investor for tax purposes.

As a resident individual investor, you ultimately retain beneficial ownership with absolute entitlement to your investments within the SMA. Therefore your tax liability would be the same as if you held those investments directly.

## Tax deductions

The model management fees paid by you for investing through the SMA are generally fully deductible for income tax purposes.

## Income Tax

Generally, income you receive for a financial year forms part of your assessable income and should be declared in your tax return for that year. Any franking credits and/or foreign tax credits received as part of that income should also form part of your assessable income. However, these credits may be available for offset against your tax payable and refundable in certain circumstances.

## Capital Gains Tax

Disposal of shares held for you within your chosen Model Portfolio(s) may result in a taxable capital gain or loss. Depending on your circumstances this may be assessable income to be declared in your tax return for that year. Disposal of shares may result from a rebalance of a Model Portfolio by the investment manager or a transaction instigated by you, such as a withdrawal.

Realised capital losses may be able to be offset against other taxable capital gains, including gains and losses outside of the SMA, in your tax return for that year or carried forward to subsequent years.

## Non-resident individual investors

If you are not an Australian resident, tax will normally be deducted from your distributions before they are paid to you or reinvested for you. Your investment may also be subject to tax in your country of residence and therefore you should obtain professional advice in this regard. The deductions will appear on your Platform statements as 'Non-resident Withholding Tax' in the transaction details column. You may be entitled to a credit for any tax withheld by us when you lodge an Australian income tax return.

## General information

The taxation information in this PDS is provided for general information only. Taxation is a complex and difficult issue that requires professional individual evaluation. We strongly recommend that you seek professional taxation advice in relation to your investment in the SMA.

This general taxation information has been prepared based on the taxation legislation that was in force on 10 August 2009.

## Section eight

# Other important information

## Important information available in the Reference Guide

The Reference Guide contains further important information about the following aspects of the SMA which you should consider before making a decision to invest in the SMA:

**Investment managers:** Details about each of the investment managers that monitor and manage each of the Model Portfolios. We reserve the right to change the investment managers.

**Model Portfolios:** Details about each of the Model Portfolios including:

- investment manager
- investment objectives
- investment strategy
- investment style
- benchmark index
- indicative number of shares
- indicative cash holding
- model management fee
- whether the Model Portfolio automatically pays out investment income

**Ethical considerations:** Details about what ethical considerations have been taken into account in selecting the investment managers and making investment decisions for the SMA.

**Consents:** Details about external parties who have provided their consent to being named and quoted in the PDS and Reference Guide.

## Responsible Entity

The role of Navigator as Responsible Entity of the SMA includes:

- acting in the best interests of investors
- investing the SMA's assets in accordance with an investor's instructions

- ensuring the SMA's assets are managed and dealt with in accordance with the Constitution and the Corporations Act

We are entitled to be indemnified from the assets of the SMA for any liability incurred in properly performing or exercising any of our powers or duties in relation to the SMA except to the extent the liability is caused by our negligence, breach of trust or fraud.

We may retire or be removed as Responsible Entity in accordance with the Corporations Act 2001 (Cth) ('Corporations Act').

## Constitution

The SMA is established under the Constitution. The Constitution details investors' rights in relation to investments in the SMA and together with the relevant law sets out the terms and conditions of operation of the SMA. The Constitution is legally binding between us and each investor in the SMA.

As you are an indirect investor, only the relevant Platform may exercise the rights set out in the Constitution.

The Constitution contains provisions governing:

- the application for, and transfer and withdrawal of, investors' interests in the SMA (including suspension of withdrawals)
- our power to manage the assets of the SMA
- the mechanisms for the valuation of the assets of the SMA
- our obligation to collect and distribute income
- our right to extend the period for the payment of withdrawals in certain circumstances
- our right to terminate the SMA or any Model Portfolio
- the maximum fees we may charge you
- our ability to vary the Constitution subject to the Corporations Act and, where the amendment is adverse to investors' rights, to obtaining prior investor approval
- the limitation on our liability to the extent of the SMA's assets vested in us except for any liability which we incur as a result of our fraud, negligence or breach of trust where we fail to show the degree of care and diligence

required having regard to the powers, authorities or discretions conferred on us by the Constitution. In addition, we are not liable for delays due to failure to act on unclear instructions or for other reasons beyond our control.

The Constitution also provides for the establishment of a compliance committee where less than 50% of our directors are external directors. Subject to the Corporations Act, we may indemnify the members of the compliance committee from the assets of the SMA for all liabilities incurred by them, including paying for insurance premiums against any liability incurred by the person as a member of the compliance committee.

## Compliance plan

As a registered scheme, the SMA is required to have a compliance plan. The compliance plan for the SMA describes the procedures we apply in operating the SMA to ensure compliance with the Corporations Act and the Constitution.

The compliance plan has been approved by our directors and lodged with the Australian Securities and Investments Commission. The compliance plan is audited annually by an external auditor.

Copies of the Constitution and compliance plan are available free of charge upon request. Please contact Investor Services on 1300 428 482 to obtain a copy.

## Borrowing limitations

We have the power to borrow money, secured or unsecured, on the investments of the SMA having regard to our role as Responsible Entity. We do not generally intend to borrow but may do so, for example, to cover any brief shortfall in the cash component of a Model Portfolio that results from the rebalancing of the Model Portfolio.

## Liability of investors

The Constitution seeks to limit the liability of investors to monies and shares invested in the SMA.

However, it is not possible for us to give absolute assurance, as the ultimate liability of the investor is yet to be tested by Australian courts.

## Personal information

Please refer to your Platform offer document for information on how we collect, use, disclose, keep secure and give access to personal information.

Our Privacy Policy describing how we manage your personal information can be obtained through our website, [aviva.com.au](http://aviva.com.au), or by writing to us at GPO Box 2567W, Melbourne, Victoria, 3001 (Attention: Privacy Officer).

## Complaints

Your Platform offer document contains details of the complaints procedure available to you.

## Contacting us

### Call

Investor Services 1300 428 482

Monday to Friday 8.00am to 6.00pm (Melbourne time)

### Visit

[aviva.com.au](http://aviva.com.au)

### Write

Aviva Australia

GPO Box 2567W

Melbourne, Victoria, 3001

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