

# Global Specialist Series Information Guide

22 December 2023

This Netwealth Global Specialist Series Information Guide (**'GSS Information Guide'**) for the funds in the Netwealth Global Specialist Series listed on page 2 (referred to collectively as the **'Funds'**, and individually (as applicable) as the **'Fund'**) is issued by Netwealth Investments Limited (ABN 85 090 569 109), AFSL 230975 (**'Netwealth'**) as responsible entity for each Fund. In this GSS Information Guide, **'we'**, **'us'** and **'our'** all mean Netwealth (or associated entities). The information in this document forms part of the applicable Product Disclosure Statement (**'PDS'**) for each of the Funds.

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You should ensure you have the most recent version of this GSS Information Guide and the PDS. The most recent target market determination for each of the Funds, is available on our website or from us free of charge on request.

### General information only

The information provided in this GSS Information Guide is general information only and is not intended to imply any recommendation or opinion about a financial product. This information does not take into account your personal objectives, financial situation or needs. You should consider whether investing in the Funds is appropriate for you in light of your personal objectives, financial situation and needs. You should consider consulting a financial adviser before making a decision about whether to invest in the Funds.

### Issuer/responsible entity

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## About this Guide

This GSS Information Guide contains important information about the funds in the Netwealth Global Specialist Series listed below.

If you would like to request a printed copy of this GSS Information Guide, please contact us on Freecall 1800 888 223.

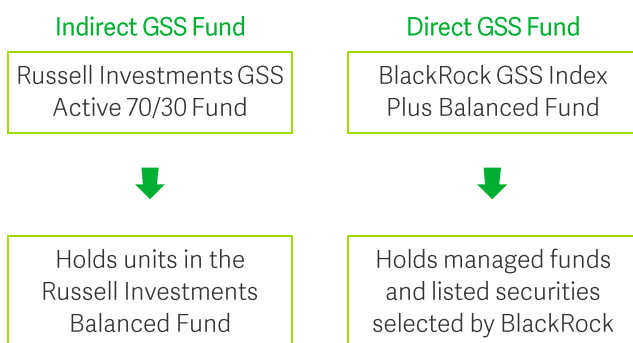
The information provided in this GSS Information Guide forms part of each of the PDSs for the Funds and must be read in conjunction with them. You should consider the PDS for the relevant Fund in deciding whether to invest in that Fund.

## Netwealth Global Specialist Series funds

The Funds are invested in two different ways.

- With some of the Funds (the **'Indirect GSS Funds'** as listed below), the investment strategy of the Fund is implemented by investing the Fund's money in one or more underlying managed funds chosen by us (**'Underlying Fund'** or **'Underlying Funds'**), whose investments are managed by an Investment Manager\* using an investment strategy that is aligned with that of the Fund.
- With the other Funds (the **'Direct GSS Funds'** as listed below), the investment strategy is either implemented by an Investment Manager\* chosen by us (who invests the Fund's money directly in assets selected in accordance with an investment strategy agreed between us and the Investment Manager) or is implemented by us and we invest the Fund's money directly in selected assets.

Below is an example of how the investment strategies for Indirect GSS Funds and Direct GSS Funds are implemented.



\* For convenience, in this GSS Information Guide **'Investment Manager'** means, in the case of the Indirect

GSS Funds, the investment manager(s) of the Underlying Fund or Underlying Funds and, in case of the Direct GSS Funds, the investment manager chosen by us to select the direct investments of the Fund in accordance with the Fund's investment strategy.

## Indirect GSS Funds

Fund Name	ARSN	APIR Code
Russell Investments GSS Active 30/70 Fund	160 230 160	NET0025AU
Russell Investments GSS Active 50/50 Fund	094 492 305	NET0006AU
Russell Investments GSS Active 70/30 Fund	150 915 816	NET0013AU
Russell Investments GSS Active 90/10 Fund	094 493 035	NET0008AU
BlackRock GSS Australian Bond Index Fund	160 229 014	NET0023AU
BlackRock GSS Australian Property Index Fund	094 492 654	NET0010AU
BlackRock GSS Australian Equities Index Fund	094 491 853	NET0001AU
BlackRock GSS Unhedged International Equities Index Fund	094 492 243	NET0009AU
BlackRock GSS Hedged International Equities Index Fund	624 583 946	NET2119AU
BlackRock GSS Global Bond Index Fund	624 583 937	NET5702AU

## Direct GSS Funds

Fund Name	ARSN	APIR Code
BlackRock GSS Index Plus Conservative Fund	094 492 145	NET0004AU
BlackRock GSS Index Plus Balanced Fund	094 492 627	NET0002AU
BlackRock GSS Index Plus Growth Fund	160 229 952	NET0027AU
Netcash 31-Day Notice Fund	672 836 609	NET2534AU

## 1 Investments and withdrawals

### Investing

Investments in a Fund can only be made through the Netwealth platform. In this GSS Information Guide **'the Netwealth platform'** means a Netwealth Wrap Service product or a Netwealth Superannuation Master Fund product that includes the Funds as an available investment option. To invest in the Funds, you must have a Netwealth platform account (**'platform account'**). If you do not currently have a platform account, you first need to open one. You should refer to the applicable product disclosure statement or investor directed portfolio service guide (**'platform disclosure document'**) available on our website for information on how the relevant Netwealth platform product works and how to open a platform account.

To have money invested in a Fund, you can provide an investment instruction through your online platform account or you can provide us with an 'Investment instruction' form for your platform account.

When you instruct us to invest in a Fund, units in the Fund are issued to us as operator and/or custodian of the Netwealth platform, rather than to you, but we hold those units for your benefit. The platform disclosure documents provide detailed information about the Netwealth platform products, how investments made through them are held on your behalf and the minimum investment amounts applicable to your platform account.

There are currently no minimum investment limits or minimum holding requirements set by us for the Funds however under each Fund's constitution, we do have the ability to introduce these at any time.

### How are the Entry Price and Exit Price worked out?

The entry price (**'Entry Price'**) and exit price (**'Exit Price'**) are determined for every business day in Melbourne and Sydney (**'business day'**) based on the Fund's net asset value at the end of that business day. The net asset value is the value of the Fund's investments, less its liabilities. The liabilities are generally the Fund's accrued costs and expenses. The Entry Price and Exit Price also each include an allowance for transaction costs (see below). The Entry Price for a business day applies to all valid instructions to invest that we receive on or before 12pm Melbourne time on that business day. Similarly, the Exit Price for a business day applies to all valid instructions to withdraw funds that we receive on or before 12pm on that business day (or on the Withdrawal Day for the Netcash 31-Day Notice Fund as defined in the Fund's PDS). If you provide us with a valid

instruction after 12pm Melbourne time, it will be taken to be provided on the next business day.

The Entry Price is determined in this way:

- firstly, the total asset value of the Fund's investments is calculated and adjusted for the Fund's expenses and liabilities, including any performance fees (this is called the **'net asset value'**);
- secondly, an allowance for transaction costs associated with buying investments in the Fund (including the buy spread) is added; and
- thirdly, the net asset value is divided by the number of units in the Fund.

The Exit Price is determined in this way:

- firstly, the net asset value of the Fund is calculated;
- secondly, an allowance for transaction costs associated with selling investments in the Fund (including the sell spread) is subtracted; and
- thirdly, the net asset value is divided by the number of units in the Fund.

Transaction costs are costs incurred by the Fund when it buys or sells investments.

### Withdrawals

Under normal circumstances, each of the Funds is liquid (see 'Impact of liquidity' below for what **'liquid'** means). While a Fund is liquid, you are able to instruct us to withdraw your investment at any time. You can do this through your online platform account or by providing us with an 'investment instruction' form for your platform account. Your investment instruction can relate to some or all of your investment in the Funds. All amounts withdrawn are paid into your platform account cash account (**'platform cash account'**). Although there are no withdrawal limits for each of the Funds, you should refer to the platform disclosure documents for information about minimum account balances applicable to your platform account.

For the Netcash 31-Day Notice Fund, an early withdrawal fee applies to withdrawals made with less than 31 days' notice. See the PDS of the Netcash 31-Day Notice Fund for further information.

### Switches

You can elect at any time to switch some or all of your investment between the Funds, or to any other investment available through your platform account, by instructing us through your online platform account or by providing us with an 'Investment instruction' form for your platform

## Investments and withdrawals

account. Before you switch, you should read a copy of the PDS (where applicable) for the Fund or investment you are switching into. Each Fund has a separate PDS.

A switch involves the redemption of units from one or more Funds and the subsequent application for units in one or more Funds or purchase of other available investments using the proceeds of the redemption(s).

As the switching of your investment involves the redemption of an existing investment in a Fund, and may involve the acquisition of a new investment, tax consequences may arise - see section 5 of this GSS Information Guide.

You should be aware that if you switch between any of the Funds or to another available investment, you will incur the cost of the buy-sell spreads. See section 4 of this GSS Information Guide.

### Impact of liquidity

A Fund is 'liquid' if 'liquid assets' account for at least 80% of the value of the assets of that Fund. Assets are generally liquid assets if we reasonably expect that the assets can be realised for their market value within the period specified in each of the Fund's constitutions for satisfying withdrawal requests while the Fund is liquid. However, if a Fund ceases to be liquid, funds can only be withdrawn in accordance with the terms of a withdrawal offer (if any) made by us in accordance with the *Corporations Act 2001* (Cth). In that situation, we have discretion whether or not to make a withdrawal offer and there would be no right to withdraw until a withdrawal offer is made.

In the case of each of the Indirect GSS Funds, the Fund is invested in an Underlying Fund or Underlying Funds, managed by a separate Investment Manager. Each of the Underlying Funds is also a registered managed investment scheme and so the Underlying Funds are also regulated by the *Corporations Act 2001* (Cth) and are subject to the same rules limiting the investors' ability to withdraw their funds if the Underlying Fund becomes illiquid. Therefore, the liquidity of each Fund is dependent on the liquidity of the relevant Underlying Fund or Underlying Funds. If any of the Underlying Funds cease to be liquid, the Fund investing in it may also cease to be liquid. Given the nature of the Underlying Funds, we expect the Underlying Funds will normally be liquid and therefore the Indirect GSS Funds will normally be liquid.

In the case of each of the Direct GSS Funds, the liquidity of each Fund is dependent on the liquidity of its own direct investments, as selected by the Investment Manager or us. We expect the Direct GSS Funds will normally be liquid.

The constitution of the BlackRock GSS Global Bond Index Fund provides that, while the Fund is liquid, a withdrawal request must be satisfied within **21 days**, or longer in certain unusual circumstances such as where bond market liquidity is limited. This may apply to switch requests. If the Fund becomes illiquid, redemptions, and therefore switches, must be suspended.

The constitution of the Netcash 31-Day Notice Fund provides that, while the Fund is liquid, a withdrawal request must be satisfied within 21 days after the Withdrawal Day, or longer in certain unusual circumstances such as where cash availability is limited.

The constitutions of each of:

- the BlackRock GSS Index Plus Conservative Fund;
- the BlackRock GSS Index Plus Balanced Fund;
- the Russell Investments GSS Active 50/50 Fund;
- the Russell Investments GSS Active 90/10 Fund;
- the BlackRock GSS Australian Property Index Fund;
- the BlackRock GSS Australian Equities Index Fund;
- the BlackRock GSS Unhedged International Equities Index Fund; and
- the BlackRock GSS Hedged International Equities Index Fund,

provide that, while the Fund is liquid, a withdrawal request must be satisfied within **30 days**, or longer in certain unusual circumstances such as where stock market trading is suspended. This may apply to switch requests. If the Fund becomes illiquid, redemptions, and therefore switches, must be suspended.

The constitutions of each of:

- the Russell Investments GSS Active 30/70 Fund,
- the Russell Investments GSS Active 70/30 Fund;
- the BlackRock GSS Index Plus Growth Fund;
- the BlackRock GSS Australian Bond Index Fund; and

do not mandate withdrawal requests being satisfied but instead give us discretion to redeem units upon request. It is our policy to do this. If we accept a withdrawal request, we must pay the proceeds within **30 days**.

### Processing times

We normally process application and withdrawal requests within 3 business days of receipt of a valid instruction. However, on or about the end of the income distribution period for the Fund (which may be a quarter, a half year or

## Benefits of investing in the Funds

a financial year, depending on the Fund), calculation of the Entry Prices and Exit Prices for the Fund may be delayed while financial accounts for the Funds are reconciled and any income distributions are completed. This may result in the completion of transactions being delayed for up to 30 days, although normally any such delays are not more than 14 days. Transaction instructions received in this period are processed as at the day the instructions are received, once reconciliations have been finalised and prices are available for that day.

## 2 Benefits of investing in the Funds

Investing in a Fund gives you the benefit of professional Investment Managers who can use their resources, experience and expertise with the aim of achieving the investment objectives set for the Funds.

### Indirect GSS Funds

In the case of each of the Indirect GSS Funds, each Investment Manager implements the strategy by making investments at the Underlying Fund level. Details of the Underlying Fund currently invested in by each Fund, and the Investment Manager of each Underlying Fund is set out in the PDS of each Indirect GSS Fund. The Investment Manager for each of the Indirect GSS Funds is set out in the PDS of the Fund.

### Direct GSS Funds

In the case of the Direct GSS Funds, each Investment Manager implements the strategy by selecting investments in accordance with the investment mandate summarised in the PDS. The Investment Manager for each of the Direct GSS Funds is set out in the PDS of the specific Fund. Where we (rather than an external Investment Manager) invest the Fund's money directly in selected assets, we do so in accordance with the investment strategy set out in the PDS.

### Disclaimer in relation to Investment Managers

Neither the Investment Managers nor any of their associates guarantee the success of the Funds, the achievement of the investment objective of those Funds or the repayment of capital or particular rates of return on investment or capital.

## 3 Risks of investing in the Funds

It is important to understand that all investments carry some degree of risk. Generally, the higher the potential return from an investment, the greater the associated risk. The aim of any investment is to try to ensure returns are commensurate with the risk. Investment markets are

affected by numerous factors. These result in investment returns fluctuating over time which is sometimes referred to as 'volatility'. Shares are normally considered to be more volatile than real property, followed by fixed interest and cash. Some of the factors that influence returns are investor sentiment, general economic and market conditions such as changes in the level of interest rates and inflation, rates of growth of the domestic and world economies, and political events. The significant risks that may be associated with investing in the Funds are summarised below.

### Investment risks

In the case of each of the Indirect GSS Funds, investment risks mainly occur at the Underlying Funds level and the Funds are exposed to these risks indirectly through their investment in the Underlying Funds. In the case of the Direct GSS Funds, the investment risks occur at the Fund level because the Funds are invested directly in assets rather than through Underlying Funds.

#### Market risk

The performance of a Fund will depend on the performance and market value of the assets that it directly or indirectly invests in. Markets, and therefore the market value of investments, are impacted by economic, technological, public health, environmental, political or legal conditions, and by market sentiment. For example, global or regional events, such as the global financial crisis, pandemics and climate change, can directly or indirectly impact an entire market or certain asset classes, and the demand and supply of certain assets such as commodities, property or credit may impact related asset classes. Investments in securities and other financial instruments and products that are subject to market forces have the risk of permanent loss of capital as a result of adverse market developments.

#### Interest rate risk

The Funds that have a direct or indirect exposure to fixed income or interest earning investments may be sensitive to movements in domestic and international interest rates. Generally, the value of fixed rate income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed rate income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed rate income securities tends to increase. The magnitude of these changes depends on the term to maturity of the security. In general, a fixed rate security with a longer term to maturity is more affected by interest rate changes. Generally, the value of floating rate income securities is stable, however the coupon paid by floating rate securities generally reduces as interest rates fall and increases as interest rates rise.

## Risks of investing in the Funds

### Derivatives risk

The Funds may be directly or indirectly exposed to derivative instruments including currency forwards and swaps, interest rate and total return swaps and futures and options.

Derivatives usually derive their value from the value of a physical asset, interest rate, exchange rate or market index. They can be used to manage certain risks in investment portfolios; however, they can also increase other risks in a portfolio or expose a portfolio to additional risks. A derivative contract typically involves leverage; i.e. it provides exposure to a potential gain or loss from an asset that exceeds the amount of cash or assets required to establish or maintain the derivatives contract. Consequently, derivative instruments can be highly volatile and expose investors to a high risk of loss.

### Counterparty risk

The Funds that have a direct or indirect exposure to cash, debt, derivatives (forward contracts), foreign currency transactions or other assets that are not listed on an exchange may be exposed to counterparty risk. This is the risk that another party to the contract may not honour their contractual obligations and the Fund incurs a loss.

### Liquidity risk

The Funds may be directly or indirectly exposed to assets that have restricted or limited liquidity. This may result in delays in withdrawals from a Fund due to restrictions or the inability of the Fund to withdraw its investment promptly. This may impact when you can withdraw funds from your platform account or close your platform account. Furthermore, where it is necessary to liquidate assets to fund withdrawals, there is a risk that liquidation may be done on unfavourable terms thereby potentially subjecting the Fund to losses. These risks will be amplified if there are substantial withdrawals during a short period of time. Under the terms of each Fund's constitution, we may suspend the processing of redemptions in certain situations as described in 'Impact of liquidity' above and in the PDSs.

### Settlement risk

The Funds may be directly or indirectly exposed to settlement risk. This risk is influenced by, amongst other things, market practices (for example settlement and custody practices), the creditworthiness of the parties that the Funds are exposed to and the level of government regulation in countries in which the Funds invest.

### Currency risk

The Funds that have an exposure, directly or indirectly, to foreign currencies will be exposed to currency risk. Changes in exchange rates may affect the investment returns of those Funds. The Funds may have exposure to foreign currencies to the extent that they invest in

international assets. Where Funds invest, directly or indirectly, in foreign investments they have a currency exposure that may be unhedged and/or partially or fully hedged. The Investment Managers may actively manage the unhedged/hedged currency exposure of the assets in the Funds. Active currency management has the potential to add further value but can also expose a Fund to greater risk.

You should read the PDS for each of the Funds to identify the level of exposure to international investments and for information about whether the Fund is fully or partially hedged.

### Debt securities risk

The Funds that have an exposure, directly or indirectly, to fixed interest investments will be exposed to credit risk. Credit risk refers to the issuer of a debt instrument failing to meet an obligation to pay periodic interest or to repay the principal sum at maturity. In the case of fixed income securities which are of investment grade credit quality, the risk of default is considered to be lower than sub-investment grade securities. Unrated or low-grade debt securities are generally subject to greater risk of loss of principal and interest than higher-rated debt securities. The Funds that have an exposure to fixed interest may also be directly or indirectly exposed to debt securities that rank junior to other outstanding securities and obligations of the issuer, and debt securities that are not protected by financial covenants or limitations on additional indebtedness.

### Emerging and frontier markets risk

The Funds that invest, directly or indirectly, in overseas assets may have an exposure to emerging and frontier markets. Emerging and frontier market investments may be subject to higher levels of market volatility leading to higher general investment risk. Interest rate and currency risks may be greater due to higher levels of volatility in the economies of emerging markets. Furthermore, emerging and frontier market investments are often less liquid than the securities of developed markets. Counterparty and settlement risks are also increased.

### Short selling risk

The Funds may, directly or indirectly, be exposed to short selling risk. Short selling involves selling securities that may be owned or borrowed for delivery to the purchaser, with the obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities. Because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities can result in a loss. A short sale may

## Risks of investing in the Funds

involve the risk of a theoretically unlimited increase in the market price of the particular investment sold short which, where short selling is undertaken, could result in the inability to cover the short position, and the risk of theoretically unlimited potential loss.

### Leverage or borrowing risk

The Funds that invest, directly or indirectly, in alternative investments may be exposed to leverage or borrowing strategies that can magnify both gains and losses on investment returns. Money borrowed will be subject to interest and other costs, which may or may not exceed the income received from the instruments purchased with borrowed funds. Leverage creates an opportunity for greater returns, but at the same time, significantly increases the risk of your investment in a Fund.

### Index tracking error risk

The Funds that are index tracking seek to provide investors with the same or similar returns (before fees are deducted) as the returns on the chosen index. Index tracking risk is the risk that the change in value of the Fund's investments will not exactly match or track the change in value of the index over a particular time period. This can be due to many factors including fees and expenses of operating the Fund and the Underlying Fund, corporate actions such as mergers and buybacks and difficulty with rebalancing underlying investments where there is a change in the index being tracked.

### Currency hedging risk

With the Funds which are directly or indirectly hedged, the Investment Managers use currency hedging to reduce foreign exchange risk. There is a risk that, due to disruption of capital or currency markets, error or the impracticality of entering into appropriate contracts or buying appropriate hedging instruments, the investment managers are not able to hedge, or do not hedge the Funds' foreign currency exposure fully or at all.

### Alternative strategies risk

The Funds that invest directly or indirectly in alternative strategies have increased inherent risks. These include a higher exposure to counterparty and settlement risk, liquidity risk, short selling risk and more leverage than traditional investment strategies. Alternative investment strategies may invest in the traditional asset classes of equities, property and fixed interest but are predominantly skill based and may employ derivatives, leverage and short selling. Strategies include commodities, multi sector and single strategy hedge funds, event driven, global macro, relative value, market neutral and merger & acquisition strategies.

### Political risk

Investments may be affected by uncertainties such as political developments, changes in government policies or currency repatriation restrictions on foreign investment in some countries that the Funds may have direct or indirect exposure to.

### Investment Manager changes

If:

- we decide to change the Underlying Funds that a Fund invests in; or
- we decide to change the Investment Manager of a Fund;

there is a risk that the Fund will not be exposed or fully exposed to the market for a period of time. Therefore, if there is growth in market value, the Fund may miss out on an opportunity to participate in that growth. Also, in the case of Indirect GSS Funds, if there is a change in the Underlying Fund that a Fund invests in, there is a risk that this will give rise to a tax liability or other costs due to the need to withdraw funds from one Underlying Fund and invest those funds in another Underlying Fund.

### Securities lending risk

If a Fund engages directly or indirectly in securities lending, there is a risk that the borrower may become insolvent or otherwise become unable to meet, or refuse to honour, its obligations to return the loaned assets. In this event, the Fund could experience delays in recovering assets and may incur a capital loss. Where a Fund, or an Underlying Fund that a Fund invests in, invests any collateral received as part of the securities lending program, such investments are also subject to the general investment risks outlined above.

### Absence of regulatory oversight of underlying investments

The Funds are registered managed investment schemes regulated by the *Corporations Act 2001*. However, the Funds may directly or indirectly invest in managed investment schemes or other investments established in other jurisdictions that do not have an equivalent level of investor protection to that provided in Australia. Investment in such schemes or investments may also reduce the availability or quality of information available in respect of the underlying investments of a Fund.

### Change in law

There may be a change in law, such as the introduction of a new or higher tax, affecting the Funds or assets held by the Funds.

### Investment risks table

Section 4 of each Fund PDS summarises the significant risks associated with investing in each of the Funds. The

## Risks of investing in the Funds

following table identifies all the risks that apply to each of the Funds (as marked by a tick).

Investment risks	Market risk	Interest rate risk	Derivatives risk	Counterparty risk	Liquidity risk	Settlement risk	Currency risk	Debt securities risk	Emerging and frontier markets risk	Short selling risk	Leverage or borrowing risk	Index tracking error risk	Currency hedging risk	Alternative strategies risk	Political risk	Securities lending risk	Absence of regulatory oversight of underlying investments
Russell Investments GSS Active 30/70 Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓
Russell Investments GSS Active 50/50 Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓
Russell Investments GSS Active 70/30 Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓
Russell Investments GSS Active 90/10 Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓
BlackRock GSS Australian Bond Index Fund	✓	✓	✓					✓				✓				✓	✓
BlackRock GSS Australian Property Index Fund	✓		✓	✓								✓					✓
BlackRock GSS Australian Equities Index Fund	✓		✓	✓		✓						✓					✓
BlackRock GSS Unhedged International Equities Index Fund	✓		✓	✓		✓	✓					✓					✓
BlackRock GSS Hedged International Equities Index Fund	✓		✓	✓		✓						✓	✓				✓
BlackRock GSS Global Bond Index Fund	✓		✓	✓		✓		✓				✓	✓				✓
BlackRock GSS Index Plus Conservative Fund	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
BlackRock GSS Index Plus Balanced Fund	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
BlackRock GSS Index Plus Growth Fund	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Netcash 31-Day Notice Fund	✓	✓			✓												



## Fund and Netwealth-specific risks

### Winding up

There is a risk that a Fund could be wound up, either due to action by a regulator or due to lack of commercial viability.

### Operator risk

Netwealth could be replaced as the responsible entity. Our main service providers, including in the case of the Direct GSS Funds, the Investment Manager, the Administrator or the Custodian, could also change. We aim to keep risks associated with the Funds to a minimum by endeavouring to act always in investors' best interests.

### Operational risk

Whilst we and our service providers have systems and processes in place to support effective and efficient operations, we cannot eliminate the risk that a transaction or instruction might not be processed or implemented correctly. For example, unit pricing activities involve a number of steps and there is a risk that an error in one area of the process could result in a delay in processing your request or a substantial impact on price or income paid.

### Systems risk

Losses can be caused by a breakdown in systems. An example would be if there was an interruption or fault in any part of Netwealth's, the Administrator's or the Custodian's computer or telecommunications systems. Such interruption may be caused by breakdown, system overload, virus attack, unauthorised access, denial of service, or other malicious attacks. Netwealth has put in place reasonable contingencies for business interruptions. However, it is not possible to eliminate the risk of systems failure. For example, our website could become congested due to abnormal activity. Such abnormal activity may occur if the stock market falls significantly and many investors wish to simultaneously access the website to review their investments and/or sell them.

## 4 Fees and costs

Refer to the fees and costs table in the 'Fees and costs' section 6 of the PDS for each Fund for the fees and costs you may pay for that Fund.

### Additional explanation of fees and costs

This section provides some additional information about fees and costs that apply to the Funds.

#### Management fees and costs

The management fees and costs for the Indirect GSS Funds are comprised of the management fees charged by us and indirect costs incurred in the Underlying Funds as set out in section 6 of the Indirect GSS Funds' PDSs. Indirect costs in relation to Underlying Funds are reflected in the unit price of the relevant managed fund, and are not charged by us directly.

The management fees and costs for the Direct GSS Funds are comprised of the management fees charged by us and indirect costs incurred in investments held in the Fund (if applicable) as set out in section 6 of the Direct GSS Funds' PDSs.

Under each of the Funds' constitutions, we are also able to recover other expenses incurred in relation to the proper performance of our duties in respect of the Fund. We do not currently intend to recover any other usual expenses<sup>1</sup> and it is only likely that we would recover unusual and currently unanticipated expenses<sup>2</sup>.

Each of the Funds' constitutions allows us to charge a maximum on-going management fee of 2% p.a. on the gross value of the assets of the Fund, which is more than the fees we currently charge as set out in the PDSs.

We will provide investors with at least 30 days' notice of any proposed increase in our fees or charges. We do not currently intend to change any of the management fees of any of the Funds.

#### Performance fee

We do not have a right to charge a performance fee under any of the Funds' constitutions.

The constitutions of some of the Underlying Funds confer a right of the responsible entity of the Underlying Fund to charge a performance fee, however no performance fees

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<sup>1</sup> Usual expenses include such things as audit fees, regulatory filing costs, Administrators' fees and Custodians' fees.

<sup>2</sup> Unusual expenses and currently unanticipated expenses include such things as if it became necessary to hold meetings of members, litigation or the expense of restructuring or winding up the Funds to comply with changed regulatory requirements.

## Fees and costs

are currently charged by the responsible entity of any of the Underlying Funds.

The Underlying Funds may invest in assets that charge performance fees. Any such performance fees are disclosed in section 6 of PDS of the relevant Fund, and are not deducted by us. As at the date of this document, the following Underlying Funds invest in assets that incur performance fees of approximately 0.01% p.a.<sup>3</sup>:

- the Russell Investments Conservative Fund (ARSN 094 799 578), which is the Underlying Fund for the Russell Investments GSS Active 30/70 Fund;
- the Russell Investments Diversified 50 Fund (ARSN 095 296 049), which is the Underlying Fund for the Russell Investments GSS Active 50/50 Fund, and

the following Underlying Funds invest in assets that incur performance fees of approximately 0.02% p.a.<sup>3</sup>:

- the Russell Investments Balanced Fund (ARSN 094 799 345), which is the Underlying Fund for the Russell Investments GSS Active 70/30 Fund;
- the Russell Investments Growth Fund (ARSN 094 799 443), which is the Underlying Fund for the Russell Investments GSS Active 90/10 Fund.

### Transaction costs

The Funds may directly or indirectly incur transaction costs such as brokerage, Underlying Fund buy-sell spreads, settlement costs, clearing costs, government charges and over-the-counter derivative costs. Transaction costs exclude borrowing costs, property operating costs and certain implicit transaction costs or market impact costs.

The Underlying Fund buy-sell spread included in transaction costs reflects the buy-sell spread the Fund indirectly incurs through investing in Underlying Fund.

The transaction costs shown in the 'fees and costs summary' in section 6 of the PDS are net of any amount recovered by the buy-sell spread of the Fund. Transaction costs are an additional cost to you where they have not already been recovered by the buy-sell spread.

The estimated gross and net transaction costs for the Funds in relation to the 12 months to financial year end 30 June 2023 are shown in the following table as a percentage of each Fund's average asset holdings:

### Estimated Transaction Costs

Fund	Gross (% p.a.)	Recovery (% p.a.)	Net (% p.a.) <sup>4</sup>
Russell Investments GSS Active 30/70 Fund	0.13%	0.08%	0.05%
Russell Investments GSS Active 50/50 Fund	0.14%	0.07%	0.07%
Russell Investments GSS Active 70/30 Fund	0.16%	0.08%	0.08%
Russell Investments GSS Active 90/10 Fund	0.15%	0.07%	0.08%
BlackRock GSS Australian Bond Index Fund	0.01%	0.03%	0.00%
BlackRock GSS Australian Property Index Fund	0.01%	0.024%	0.00%
BlackRock GSS Australian Equities Index Fund	0.01%	0.024%	0.00%
BlackRock GSS Unhedged International Equities Index Fund	0.02%	0.03%	0.00%
BlackRock GSS Hedged International Equities Index Fund	0.04%	0.05%	0.00%
BlackRock GSS Global Bond Index Fund	0.18%	0.07%	0.11%

<sup>3</sup> This figure has been obtained from Russell Investments and is the average performance fee incurred for the previous five financial years to the preceding 30 June.

<sup>4</sup> Totals may not add up exactly due to rounding.

## Fees and costs

Fund	Gross (% p.a.)	Recovery (% p.a.)	Net (% p.a.) <sup>4</sup>
BlackRock GSS Index Plus Conservative Fund	0.18%	0.01%	0.17%
BlackRock GSS Index Plus Balanced Fund	0.19%	0.03%	0.16%
BlackRock GSS Index Plus Growth Fund	0.20%	0.04%	0.16%
Netcash 31-Day Notice Fund	0.00%	0.00%	0.00%

### Buy-sell spread

The buy-sell spread is an allowance that is made for transaction costs expected to be incurred when underlying assets of the Fund are purchased or sold.

Transaction costs are incurred when underlying assets are purchased, sold or redeemed in connection with the entry or exit of investors. An allowance for these transaction costs means that the Entry Price (as defined in the PDSs) will be higher than the Exit Price (as defined in the PDSs) and in this way the cost is passed on to the person entering or leaving the Fund. The amount by which Entry Prices are higher than Exit Prices is called the 'buy-sell spread'.

In the case of the Indirect GSS Funds, buy-sell spreads for the Funds are determined by matching the buy-sell spreads of the Underlying Funds. In the case of the Direct GSS Funds, buy-sell spreads are determined based on estimated transaction costs incurred by the Fund when investments are made in the Fund or redemptions are made from the Fund in connection with the entry or exit of investors. The buy-sell spread we charge for each Fund is set out in section 6 of the PDS of the relevant Fund. We may adopt lower or higher buy-sell spreads from time to time in the future. For information on up to date buy-sell spreads please contact us.

### Early withdrawal fee

With the Netcash 31-Day Notice Fund, if an early redemption request is accepted, we charge an early withdrawal fee of 0.50% of the total amount withdrawn.

### Other fees and costs

All government and other fees and costs incurred as a result of your investment may be passed on to you at our discretion.

### Negotiable fees

We reserve our right to negotiate different fees for wholesale clients (as defined in the Corporations Act). Please contact us for further information.

### Financial adviser fees

Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your financial adviser.

## Goods and Services Tax ('GST') on these fees and costs

All fees and costs shown include GST. The Funds are entitled to receive reduced input tax credits ('RITCs') on the GST payable on certain fees. The amount of the RITC is determined under the GST law and it is possible that it may change in the future. The management costs shown in the PDSs also include the applicable RITCs.

## Tax

For information on tax, see section 7 of the PDS for the Fund and section 5 of this GSS Information Guide below.

## What remuneration (including commission or other benefits) is received by employees of Netwealth?

Our employees are remunerated on a salary and bonus basis, and do not receive any proportion of any fees or other benefits (if any) paid to us in connection with the Funds. However, fees or other benefits paid to us may indirectly benefit employees and other related bodies and associates. For example, if we achieve certain financial performance objectives, where permitted by law, a bonus may be paid to those employees involved in assisting us to achieve these objectives.

Employees and directors of Netwealth or its related bodies corporate may also be shareholders of Netwealth's parent company and may indirectly benefit from fees and other benefits received by Netwealth through enhancement in the value of their shares in or through income derived from their shares in its parent company.

## 5 How managed investment schemes are taxed

Investing and dealing with investments has taxation implications that can be complex and vary widely depending on the circumstances relating to each particular investor.

The Australian taxation system is continually undergoing changes that might impact on the way you are taxed and the way the various Funds are treated for taxation purposes. This tax information is based on Australian taxation law in force at the date of this GSS Information Guide, and may not be correct if the Australian taxation law changes after that date.

It is not practical to outline tax information relevant to every investor, having regard to the many different circumstances that might exist.

The following is a general discussion of tax issues relevant to investments in the Funds which are held on capital account by an Australian resident investor. As the tax consequences of investing depend on who you are, what investment you make and which Netwealth platform product you use, it is important that you make sure you understand the taxation consequences before you make an investment. If you do not understand the taxation consequences of investing, it is very important that you seek your own independent expert taxation advice before investing in the Funds or dealing with your investment in the Funds.

### Investing through the Netwealth platform

As all investments in each Fund must be made through the Netwealth platform, Netwealth is the member of the Fund, in its capacity as the custodian appointed by the trustee of the Netwealth Superannuation Master Fund or as operator and custodian of the Netwealth Wrap Service. The taxation consequences for you as the person upon whose behalf the investment is made depend on a number of things including the type of Netwealth platform product you use. Information about how tax applies to your platform account and to the assets held in that account is available in the relevant platform disclosure document.

If you invest in the Fund through the Netwealth Wrap Service, you are the 'underlying investor' and individually assessed for tax on your share of the net taxable income of the Fund (both income and capital gains) in the relevant year of income, even if the income is only paid to you at a later date.

If you invest in the Fund through the Netwealth Superannuation Master Fund, the Netwealth

Superannuation Master Fund is the 'underlying investor' for tax purposes. Your share of the net taxable income of the Fund is assessed for tax payable by the superannuation fund, and the tax is deducted from your platform account.

We do not provide you with separate tax statements for your investments in the Funds. Tax information in relation to your investment in the Funds is included in reports or statements issued in relation to your platform cash account.

### Taxation of the Funds

For tax purposes, a regime known as the 'Attribution Managed Investment Trust regime' (**the AMIT regime**) applies to the Funds. Under the AMIT regime, the Funds will not generally pay tax on the income or gains made by the Funds. Rather, the income of the Funds will be attributed to members of the Fund each financial year. This means that the income of the Funds is assessed for tax at the underlying investor level rather than the Fund level.

We intend to take all reasonable steps to ensure that the income of the Funds is fully attributed to the underlying investor, to ensure no tax is payable at the Fund level.

### Income and capital gains

The taxable income (including capital gains) of the Fund for the relevant year of income will be attributed by us as the responsible entity of the Fund to the underlying investors on a fair and reasonable basis. The attributed amount of the Fund's taxable income will be included in the underlying investor's assessable income.

In relation to capital gains, eligible managed investment schemes are able to make an irrevocable election to apply the capital gains tax rules as the exclusive code for the taxation of gains and losses on disposal of certain assets by the scheme. Where applicable, the Funds have made such an election in respect of eligible assets.

### Imputation and franking credits

If the Fund invests directly or indirectly in Australian shares, the Fund's taxable income may include franked dividends. Investors who are attributed franked dividends from the Fund may have an entitlement to a tax offset or refund. Your particular circumstances, including which Netwealth platform product you use (and the circumstances of the Fund), will be relevant to determine whether you are entitled to the benefit of any tax offsets and, in certain circumstances, a cash refund of any excess franking credits.

## Foreign income

The Funds may derive foreign source income. If the foreign source income is taxed overseas, the underlying investor may be entitled to a tax offset against the Australian tax otherwise payable. Your particular circumstances, including which Netwealth platform product you use, will be relevant to determine whether you are entitled to the benefit of any such tax offsets.

## Cost base adjustments

Under the AMIT regime, the capital gains tax cost base of the units in the Funds acquired for you through the Netwealth platform (the 'applicable units') will be adjusted by the 'net cost base adjustment' amount.

Broadly speaking, the net cost base adjustment is the net of the:

- **cost base increase amount** - this is the total of taxable and non-assessable non-exempt income attributed to you, as the beneficial holder of the applicable units, or to the Netwealth Superannuation Master Fund, plus a gross up for certain discounted capital gains; and
- **cost base decrease amount** - this is the total cash distribution received/reinvested, plus a gross up for any tax offsets attributed to, you as the beneficial holder of the applicable units, or the Netwealth Superannuation Master Fund.

Cost base adjustments made in relation to units held by the Netwealth Superannuation Master Fund will be allocated to each member's account based on a member account's respective holding in the underlying Fund.

If the cost base increase amount exceeds the cost base decrease amount, there will be a net cost base increase amount. As a result, the cost base of the applicable units will be adjusted upwards. Conversely, if there is a net cost base decrease amount, there will be a decrease in the cost base of the applicable units. If the cost base is decreased to nil, any further cost base decreases will result in a deemed capital gain in relation to the applicable units.

The cost base adjustments will impact upon the capital gains tax position upon the eventual disposal of the applicable units.

## Disposal of units

Under capital gains tax laws, any taxable capital gain arising from the disposal of the investments made through the Netwealth platform may form part of the assessable income of the underlying investor. If you are the underlying investor, you may be eligible for the discount capital gain concession if you, through the Netwealth platform, have held units for 12 months or more and the relevant Fund satisfies certain requirements. If you are considering having the applicable units disposed of, you should make sure you understand the taxation consequences and, if necessary, consult your taxation adviser about the capital gains tax treatment of the disposal.

## GST

You should neither be subject to GST on the issue, transfer or redemption of units in the Funds, nor on the distributions from the Funds to your Netwealth platform account.

## Warning

Investment in any of the Funds involves investment and other risks which are set out in section 4 of the PDSs and in section 3 of this GSS Information Guide. These risks include possible freezing of your investment and loss of income and principal invested in whichever of the Funds you invest. For each Fund, Netwealth has duties to act in the best interest of investors of each of the Funds including to act with honesty, care, fairness and diligence. However, Netwealth and its associated companies and the Investment Managers and their associated companies do not promise or guarantee that the Fund (or Funds) you invest in will achieve its (or their) investment return objective(s) over any particular period of time or that your investment(s) will gain in or retain its (or their) value. Your investment does not represent a loan to, a deposit with or other liability of Netwealth or of any of the Investment Managers.