Perpetual Investments

IMPLEMENTING CHANGES TO YOUR MODEL PORTFOLIO

Perpetual WealthFocus provides capital gains tax advantages for your clients

WEALTHFOCUS INVESTMENT ADVANTAGE

WealthFocus Investment Advantage has a unique structure which allows investors to select a diversified portfolio of highly-rated investment options which provides capital gains tax efficiencies.

By investing through the WealthFocus Investment Advantage platform your clients may benefit from three key advantages not available on conventional platforms. These are:

- CGT free switching
- CGT free partial withdrawals (until cost base is exceeded)
- CGT discounts on all withdrawals (from 12 months of initial investment)

Structure and tax ruling complies with product ruling 2012/07 obtained from the Commissioner of Tax

ADVANTAGES OF USING WFIA FOR YOUR MODEL PORTFOLIO

Developing investment strategies for a broad range of clientele is often time-consuming. Many of the strategies that are used in management of your client's portfolio involve switching money between investment options and redeeming money at certain times. Examples include life-cycle investing, auto-rebalancing, tactical asset allocation and redeeming to pay school fees, home renovations or an income stream in retirement.

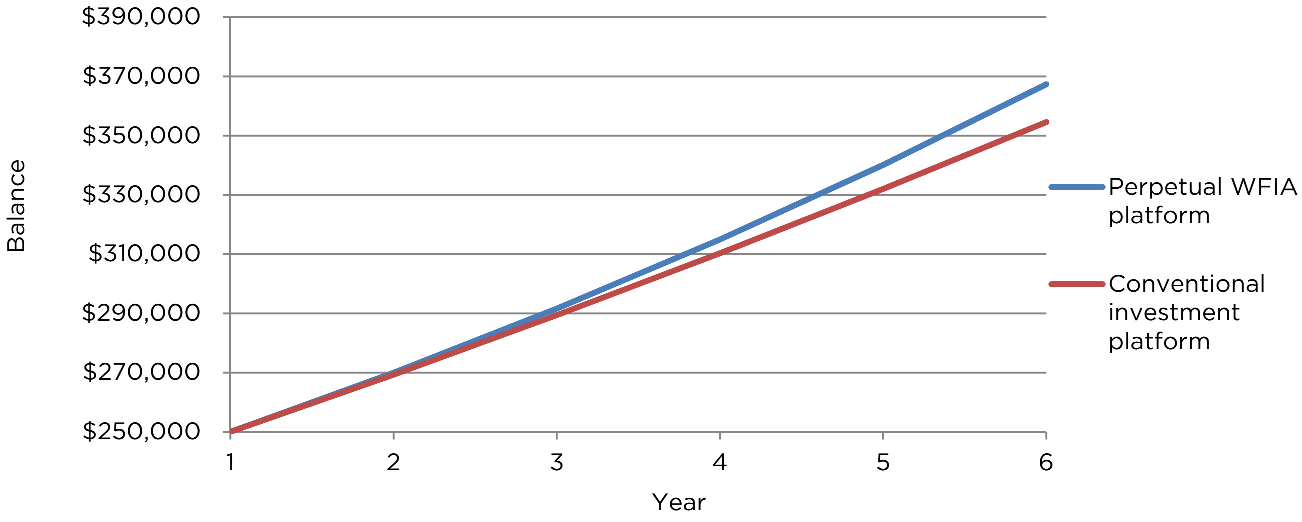
In managing changes to the model portfolio, the aim is to allow an investor's portfolio to be fully invested in funds that are on the approved product list. When making changes to your model portfolio it is important to be aware of the tax implications resulting from switching money between investment options and in circumstances where fund managers are replaced or removed from a platform. Under a conventional platform these changes may result in paying capital gains tax. By including our funds in your model portfolios found on the WealthFocus Investment Advantage platform, no capital gains are realised when altering the portfolio composition enabling the client to keep a higher balance invested that will grow over time from compounding returns.

CASE STUDY: SWITCHING BETWEEN INVESTMENT OPTIONS TO IMPLEMENT CHANGES IN MODEL PORTFOLIOS

David and Alison have put together a $250,000 investment portfolio diversified across asset classes. They have been considering using two different advisers both of whom use model portfolios that will require switching 15% of the portfolio each year as the models change.

The first adviser uses funds in their model portfolios that are on the Perpetual WealthFocus Investment Advantage platform. The second adviser uses funds that are available on a conventional platform. Both portfolios assume a pre-tax return of 8% p.a.

SWITCHING BETWEEN INVESTMENT OPTIONS - WEALTHFOCUS INVESTMENT ADVANTAGE vs A CONVENTIONAL INVESTMENT PLATFORM



Perpetual WealthFocus Investment Advantage	Conventional Investment Platform
When David and Alison switch each year they do not trigger CGT as switches are CGT-free with Perpetual WealthFocus Investment Advantage	When David and Alison switch each year they trigger CGT and the tax paid reduces their capital balance
After five years, David and Alison have a balance of $367,332 and have earned a return of 8% p.a after capital gains tax.	After five years, David and Alison have a balance of $354,600 and have earned a return of 7.2% p.a after capital gains tax.

Overall, David and Alison are $12,732 better off by investing in WealthFocus Investment Advantage

Assumptions

- The investment portfolios generate a pre-tax return of 8.00% pa after fees.
- No entry fees or buy/sell spreads are payable.
- CGT realised as a consequence of the switches are paid out of the capital of the investment at the time of the switch.
- Daniel and Linda's marginal tax rate is 46.5%.
- Daniel and Linda remain Australian residents for the five year period.
- A FIFO approach is used to calculate the capital gains and all the units switched over the five year period were those that were acquired at the time of initial investment.
- There are no changes to the relevant tax legislation.

MORE INFORMATION
Adviser Services 1800 062 725
Investor Services 1800 022 033
Email investments@perpetual.com.au
www.perpetual.com.au

Perpetual