LIS | LONSEC INVESTMENT SOLUTIONS

Investment Manager Profile

Lonsec Investment Solutions

Third-party model portfolios managed by Lonsec Investment Solutions

FinClear Execution Limited acts as MDA host only

FinClear

This document has been prepared by FinClear Execution Limited (ABN 56 061 751 102, AFSL No. 246842) ('FinClear', 'FinEx', 'we', 'us' or 'our') as the provider of managed discretionary account services ('Professionally Managed Portfolios').

FinClear has appointed Lonsec Investment Solutions Pty Ltd (Lonsec Investment Solutions or LIS) ACN 608 837 583, a corporate authorised representative of Evidentia Financial Pty Ltd ABN 97 664 546 525, AFSL 546217, (Evidentia) as a Model Portfolio Manager (Investment Manager) and this document describes LIS's model portfolios.

The information in this document about LIS is based on information provided to us by LIS and we have not independently verified the information provided by LIS and, to the extent permitted by law, take no responsibility for it.

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LIS has given and not withdrawn its consent to be named in this document in the form and context in which it is named.

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No guarantee

Neither LIS, nor FinClear nor any of their associates, employees, agents or officers guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the FinClear Professionally Managed Portfolios Service or any model portfolio.

Past performance is no indication of future performance.

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ABOUT THE INVESTMENT MANAGER

LIS is a specialist model portfolio manager with extensive expertise in portfolio construction, asset allocation and investment selection. LIS's best ideas are encapsulated in a series of managed portfolios to meet different client needs.

LIS leverages the established research and portfolio construction expertise and resources of Evidentia and Lonsec Research Pty Ltd.

INVESTMENT PHILOSOPHY AND PROCESS

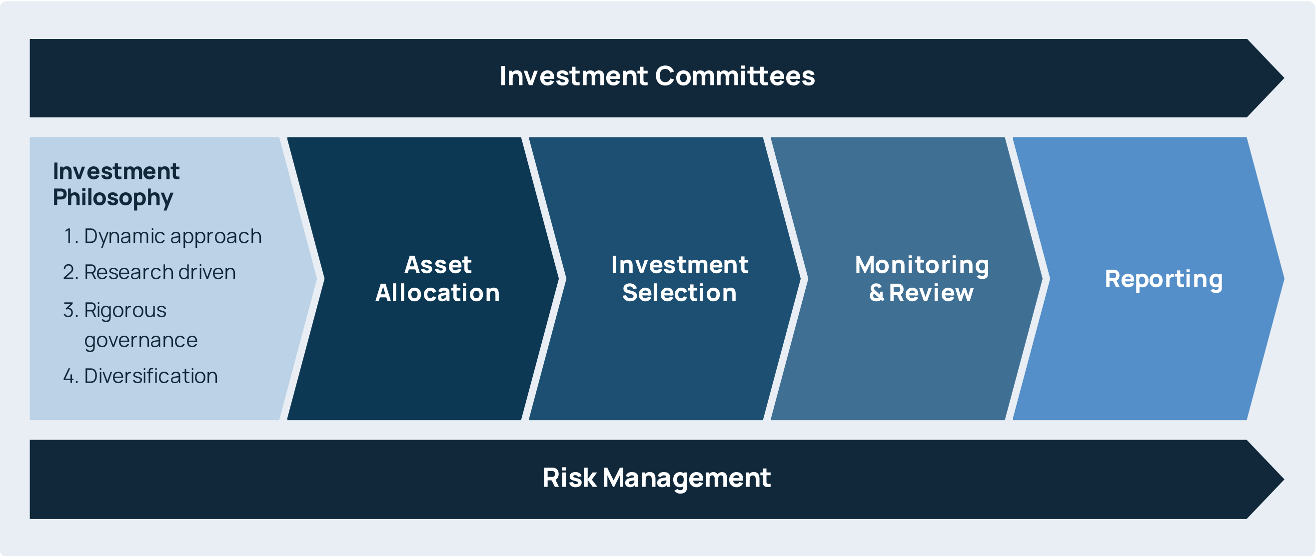
Investment philosophy

LIS seeks to maximise returns with a focus on managing downside risk. LIS seeks to achieve this by:

- a rigorous research driven approach seeking to identify quality investments;
- a diversified approach to investing including diversification of investments and underlying investment strategies; and
- utilising strategies that can assist in managing downside risk.

Portfolio construction process

LIS's investment process combines a dynamic approach to asset allocation with active investment selection. The chart below shows LIS's portfolio construction process:



ASSET ALLOCATION

A key part of our portfolio construction process is to establish an asset allocation based on the objectives set for the portfolios.

LIS applies a dynamic approach to asset allocation designed to manage portfolio risk as well as enhance portfolio returns over the medium term. LIS's dynamic asset allocation process focuses on three key factors:

1. Asset class valuations

LIS utilises a range of valuation metrics to assess whether asset classes are expensive or offer value over the long term.

2. An assessment of the business cycle

LIS analyses whether the business cycle is in an expansionary or contractionary phase by assessing a range of macro-economic indicators.

3. Sentiment and momentum

LIS observes a range of indicators to determine short term market sentiment.

LIS will tilt the portfolio asset allocation away from LIS's neutral strategic asset allocation within the allowable asset class ranges based on LIS's assessment of these key factors.

LIS's neutral strategic asset allocation process seeks to determine a neutral asset allocation framework designed to maximise return and minimise risk over the long term. LIS incorporates both quantitative and qualitative inputs in determining the neutral strategic asset allocation target weights, including LIS's proprietary forward-looking capital market assumptions, an assessment of risks such as volatility and liquidity risk, and correlations between asset classes.

LIS conducts a formal review of the strategic asset allocation every two years and reassesses the inputs on an annual basis. The objective of the formal review is to ensure that the LIS strategic asset allocation framework remains robust and continues to be effective in achieving the stated investment objectives of the respective risk profiles in the long term.

INVESTMENT SELECTION

LIS's investment selection process has a focus on quality, diversification and risk. To be eligible for portfolio inclusion, issuers must meet LIS's minimum quality criteria which includes a rating of Recommended or higher by LIS's investment research team.

Leveraging the knowledge and expertise of one of Australia's largest investment product research teams, Lonsec Research Pty Ltd (Lonsec Research) conducts comprehensive research across all asset classes including listed and unlisted investment structures. Investments are assessed on a forward-looking basis considering key factors such as people, philosophy, process, portfolio construction and risk management. Investment products rated Recommended or higher are believed to exhibit competitive advantages to peers in these factors and are also believed to have a high probability of achieving their investment objectives.

Portfolio allocations take into account the role each fund will play within the portfolio.

LIS builds portfolios using three key building blocks:

1. Market exposure

Exposure to market returns either via long only-active management or passive strategies.

2. Risk control

Exposure to strategies that have the ability to reduce downside risk. These strategies are designed to act as a 'shock absorber' for the portfolios.

3. Value add

Strategies that are designed to generate strong relative long-term growth or diversification from traditional asset classes.

AUSTRALIAN EQUITY SELECTION

LIS believes in active management and seeks to add value by investing in a concentrated portfolio of quality companies trading at a reasonable price (QARP). The key elements of LIS's investment philosophy are:

- Quality stocks at a reasonable price (QARP);
- Concentrated portfolios;
- Low turnover; and
- Strong risk management.

In constructing its equity model portfolios, LIS fundamentally believes that good active management is about adding value to the benchmark return (alpha) whilst also reducing portfolio risk (portfolio beta).

The key market inefficiencies that LIS aims to discover and analyse are the discrepancies between the spot valuation of a company and its long-term intrinsic value. Short term market volatility, reflecting uncertainty or exuberance based on short term or temporary factors lead to significant deviations in market prices.

LIS seeks to take advantage of these discrepancies by taking a longer-term view and look to identify investment opportunities where our long-term views differ significantly from current market expectations embedded in current share prices.

MONITORING AND REVIEW

LIS has a formal process for monitoring its portfolios to ensure that they remain on course to meeting their stated long-term objectives. The review process is underpinned by LIS's investment committee which is the decision-making forum for portfolio decisions.

The investment committee is made up of LIS's asset class specialists, Chief Investment Officer, investment consultants and external experts. The investment committee meets on a quarterly basis and will meet intra-quarter as required.

LONSEC LISTED MODEL PORTFOLIOS – BALANCED

FinClear managed account	Professionally Managed Portfolio
Model code	LONSEC0002
Investment Manager	Lonsec Investment Solutions Pty Ltd
Asset category	Multi-asset
Investment objective	To provide investors with a balance of income and capital growth over the medium term, through exposure across a range of asset classes, by investing in listed securities. The portfolio aims to outperform the FE UT PG Multi-Asset Balanced Index, before fees, over a period of five years.
Investor suitability	The model is suitable for investors seeking a diversified portfolio to generate growth with some income. The minimum suggested investment timeframe for the portfolio is five years.
Investment strategy	The portfolio invests in a mix of income and growth assets, which may include Australian and international equities, property and infrastructure, fixed interest and income securities, alternative assets and cash. In general, the portfolio will have a long-term average exposure of around 60% to growth assets and around 40% to defensive assets, however the allocations will be actively managed within the allowable ranges depending on market conditions.
Asset allocation ranges	(see table below)

Asset allocation ranges

Asset class	Minimum (%)	Target (%)	Maximum (%)
Australian equities	5	18	40
Global equities	5	24	45
Property & infrastructure	0	11	24
Fixed interest & diversified income	10	35	75
Alternatives	2	11	30
Cash	0	5	15

Benchmark	FE UT PG Multi-Asset Balanced Index
Investment timeframe	5 years
Investment universe	The listed portfolios invest across a diversified range of Australian equities, global equities, property and infrastructure, fixed interest assets and alternative assets. The portfolio can access such exposure through Australian listed securities including listed income securities and Exchange Traded Products (ETPs) such as Exchange Traded Funds (ETFs), Listed Investment Companies (LICs) and Listed Investment Trusts (LITs), and Exchange Traded Bonds (XTBs).
Typical number of investments	The portfolio normally holds 15 to 40 investments.
Typical portfolio turnover	20-30% p.a.
Inception date	December 2010
Investment management fee	0.165% p.a.
FinClear management fee	0.33% p.a.
Total fee	0.495% p.a.
Indirect costs	Underlying investment management fees and charges may be payable with respect to Exchange Traded Products should they be used within the model allocation. The closing market price of the Exchange Traded Product will generally reflect its fees and charges.

LONSEC LISTED MODEL PORTFOLIOS – GROWTH

FinClear managed account	Professionally Managed Portfolio
Model code	LONSEC0003
Investment Manager	Lonsec Investment Solutions Pty Ltd
Asset category	Multi-asset
Investment objective	To provide investors with capital growth and some income over the medium term, through exposure across a range of asset classes, by investing in listed securities. The portfolio aims to outperform the FE UT PG Multi-Asset Growth Index, before fees, over a period of six years.
Investor suitability	The model is suitable for investors seeking a diversified portfolio aimed at primarily generating growth. The minimum suggested investment timeframe for the portfolio is six years.
Investment strategy	The portfolio invests in a mix of income and growth assets, which may include Australian and international equities, property and infrastructure, fixed interest and income securities, alternative assets and cash. In general, the portfolio will have a long-term average exposure of around 80% to growth assets and around 20% to defensive assets, however the allocations will be actively managed within the allowable ranges depending on market conditions.
Asset allocation ranges	

Asset class	Minimum (%)	Target (%)	Maximum (%)
Australian equities	15	21	50
Global equities	15	34	60
Property & infrastructure	0	9	30
Fixed interest & diversified income	0	18	45
Alternatives	0	16	30
Cash	0	2	10

Benchmark	FE UT PG Multi-Asset Growth Index
Investment timeframe	6 years
Investment universe	The listed portfolios invest across a diversified range of Australian equities, global equities, property and infrastructure, fixed interest assets and alternative assets. The portfolio can access such exposure through Australian listed securities including listed income securities and Exchange Traded Products (ETPs) such as Exchange Traded Funds (ETFs), Listed Investment Companies (LICs) and Listed Investment Trusts (LITs), and Exchange Traded Bonds (XTBs).
Typical number of investments	The portfolio normally holds 15 to 40 investments.
Typical portfolio turnover	20-30% p.a.
Inception date	December 2010
Investment management fee	0.165% p.a.
FinClear management fee	0.33% p.a.
Total fee	0.495% p.a.
Indirect costs	Underlying investment management fees and charges may be payable with respect to Exchange Traded Products should they be used within the model allocation. The closing market price of the Exchange Traded Product will generally reflect its fees and charges.

LONSEC LISTED MODEL PORTFOLIOS – HIGH GROWTH

FinClear managed account	Professionally Managed Portfolio
Model code	LONSEC0004
Investment Manager	Lonsec Investment Solutions Pty Ltd
Asset category	Multi-asset
Investment objective	To provide investors primarily with capital growth over the long term, through exposure across a range of asset classes, by investing in listed securities. The portfolio aims to outperform the FE UT PG Multi-Asset Aggressive Index, before fees, over a period of seven years.
Investor suitability	The model is suitable for investors seeking a diversified investment seeking to generate growth. The minimum suggested investment timeframe for the portfolio is seven years.
Investment strategy	The portfolio invests in a mix of income and growth assets, which may include Australian and international equities, property and infrastructure, fixed interest and income securities, alternative assets and cash. In general, the portfolio will have a long-term average exposure of around 98% to growth assets and around 2% to defensive assets, however the allocations will be actively managed within the allowable ranges depending on market conditions.
Asset allocation ranges	See table below

Asset allocation ranges

Asset class	Minimum (%)	Target (%)	Maximum (%)
Australian equities	20	35	65
Global equities	15	42	75
Property & infrastructure	0	5	30
Fixed interest & diversified income	0	0	0
Alternatives	0	16	30
Cash	0	2	10

Benchmark	FE UT PG Multi-Asset Aggressive Index
Investment timeframe	7 years
Investment universe	The listed portfolios invest across a diversified range of Australian equities, global equities, property and infrastructure, fixed interest assets and alternative assets. The portfolio can access such exposure through Australian listed securities including listed income securities and Exchange Traded Products (ETPs) such as Exchange Traded Funds (ETFs), Listed Investment Companies (LICs) and Listed Investment Trusts (LITs), and Exchange Traded Bonds (XTBs).
Typical number of investments	The portfolio normally holds 15 to 40 investments.
Typical portfolio turnover	20-30% p.a.
Inception date	December 2010
Investment management fee	0.165% p.a.
FinClear management fee	0.33% p.a.
Total fee	0.495% p.a.
Indirect costs	Underlying investment management fees and charges may be payable with respect to Exchange Traded Products should they be used within the model allocation. The closing market price of the Exchange Traded Product will generally reflect its fees and charges.

LONSEC LISTED MANAGED PORTFOLIO – CORE

<table>
<tr><td>FinClear managed account</td><td colspan="4">Professionally Managed Portfolio</td></tr>
<tr><td>Model code</td><td colspan="4">LONSEC0005</td></tr>
<tr><td>Investment Manager</td><td colspan="4">Lonsec Investment Solutions Pty Ltd</td></tr>
<tr><td>Asset category</td><td colspan="4">Australian equities</td></tr>
<tr><td>Investment objective</td><td colspan="4">To provide investors with above benchmark returns by investing in a concentrated portfolio of large-cap Australian listed companies within the S&P/ASX 200 benchmark.</td></tr>
<tr><td>Investor suitability</td><td colspan="4">The model is suitable for investors who are seeking capital growth with income potential over the medium to long term.</td></tr>
<tr><td>Investment strategy</td><td colspan="4">LIS believes that higher quality companies will outperform lower quality companies over time. LIS also believes that markets tend to be inefficient over the short term, leading to such higher quality companies trading at a discount to their intrinsic valuation from time-to-time.

LIS considers that a detailed 'bottom-up' investment process implemented by an experienced investment team can exploit such opportunities as they occur to add alpha over a market cycle. Combined, this focus on quality and value forms the back-bone of LIS's 'Quality-at-a-Reasonable-Price' or QARP investment style.</td></tr>
<tr><td rowspan="3">Asset allocation ranges</td><td>Asset class</td><td>Minimum (%)</td><td>Target (%)</td><td>Maximum (%)</td></tr>
<tr><td>Australian equities</td><td>90</td><td>100</td><td>100</td></tr>
<tr><td>Cash</td><td>0</td><td>0</td><td>10</td></tr>
<tr><td>Benchmark</td><td colspan="4">S&P/ASX 200 Accumulation Index</td></tr>
<tr><td>Investment timeframe</td><td colspan="4">5 years</td></tr>
<tr><td>Investment universe</td><td colspan="4">The portfolio primarily selects stocks from the S&P/ASX 200 index, reflecting the large cap bias of the strategy. The portfolios are generally fully invested and do not invest in derivatives.</td></tr>
<tr><td>Typical number of investments</td><td colspan="4">The portfolio normally holds 15 to 25 investments.</td></tr>
<tr><td>Typical portfolio turnover</td><td colspan="4">20-30% p.a.</td></tr>
<tr><td>Inception date</td><td colspan="4">April 2000</td></tr>
<tr><td>Investment management fee</td><td colspan="4">0.385% p.a.</td></tr>
<tr><td>FinClear management fee</td><td colspan="4">0.33% p.a.</td></tr>
<tr><td>Total fee</td><td colspan="4">0.715% p.a.</td></tr>
<tr><td>Indirect costs</td><td colspan="4">Underlying investment management fees and charges may be payable with respect to Exchange Traded Products should they be used within the model allocation. The closing market price of the Exchange Traded Product will generally reflect its fees and charges.</td></tr>
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LONSEC LISTED MANAGED PORTFOLIO – INCOME

<table>
<tr><td>FinClear managed account</td><td colspan="4">Professionally Managed Portfolio</td></tr>
<tr><td>Model code</td><td colspan="4">LONSEC0006</td></tr>
<tr><td>Investment Manager</td><td colspan="4">Lonsec Investment Solutions Pty Ltd</td></tr>
<tr><td>Asset category</td><td colspan="4">Australian equities</td></tr>
<tr><td>Investment objective</td><td colspan="4">To provide investors with an above-benchmark, tax-effective income stream and reasonable capital growth, over the medium to long term, by investing in a concentrated portfolio of large-cap Australian listed companies within the ASX200 universe.</td></tr>
<tr><td>Investor suitability</td><td colspan="4">The model is suitable for investors who are seeking an above benchmark, tax-advantaged income stream and capital growth in-line with inflation, over the medium to long term.</td></tr>
<tr><td>Investment strategy</td><td colspan="4">LIS believes that higher quality companies will outperform lower quality companies over time. LIS also believes that markets tend to be inefficient over the short term, leading to such higher quality companies trading at a discount to their intrinsic valuation from time-to-time.

LIS considers that a detailed 'bottom-up' investment process implemented by an experienced investment team can exploit such opportunities as they occur to add alpha over a market cycle. Combined, this focus on quality and value forms the back bone of LIS's 'Quality-at-a-Reasonable-Price' or QARP investment style.</td></tr>
<tr><td rowspan="3">Asset allocation ranges</td><td>Asset class</td><td>Minimum (%)</td><td>Target (%)</td><td>Maximum (%)</td></tr>
<tr><td>Australian equities</td><td>90</td><td>100</td><td>100</td></tr>
<tr><td>Cash</td><td>0</td><td>0</td><td>10</td></tr>
<tr><td>Benchmark</td><td colspan="4">S&P/ASX 200 Accumulation Index</td></tr>
<tr><td>Investment timeframe</td><td colspan="4">5 years</td></tr>
<tr><td>Investment universe</td><td colspan="4">The portfolio primarily selects stocks from the S&P/ASX 200 index, reflecting the large cap bias of the strategy. The portfolios are generally fully invested and do not invest in derivatives.</td></tr>
<tr><td>Typical number of investments</td><td colspan="4">The portfolio normally holds 15 to 25 investments.</td></tr>
<tr><td>Typical portfolio turnover</td><td colspan="4">20-30% p.a.</td></tr>
<tr><td>Inception date</td><td colspan="4">August 2002</td></tr>
<tr><td>Investment management fee</td><td colspan="4">0.385% p.a.</td></tr>
<tr><td>FinClear management fee</td><td colspan="4">0.33% p.a.</td></tr>
<tr><td>Total fee</td><td colspan="4">0.715% p.a.</td></tr>
<tr><td>Indirect costs</td><td colspan="4">Underlying investment management fees and charges may be payable with respect to Exchange Traded Products should they be used within the model allocation. The closing market price of the Exchange Traded Product will generally reflect its fees and charges.</td></tr>
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LONSEC LISTED MANAGED PORTFOLIO – EMERGING LEADERS

FinClear managed account	Professionally Managed Portfolio
Model code	LONSEC0007
Investment Manager	Lonsec Investment Solutions Pty Ltd
Asset category	Australian equities
Investment objective	To provide investors with strong returns above benchmark, over the medium to long term, by investing in a concentrated portfolio of emerging Australian listed companies.
Investor suitability	The model is suitable for investors who are seeking capital growth, from a concentrated portfolio of medium and small cap companies, over the medium to long term.
Investment strategy	LIS believes that higher quality companies will outperform lower quality companies over time. LIS also believes that markets tend to be inefficient over the short term, leading to such higher quality companies trading at a discount to their intrinsic valuation from time-to-time. LIS considers that a detailed 'bottom-up' investment process implemented by an experienced investment team can exploit such opportunities as they occur to add alpha over a market cycle. Combined, this focus on quality and value forms the back bone of LIS's 'Quality-at-a-Reasonable-Price' or QARP investment style.
Asset allocation ranges	see table below
Benchmark	S&P/ASX Small Ordinaries Index
Investment timeframe	5 years
Investment universe	Securities outside of the ASX 100 with a minimum market capitalisation of $150 million. The portfolio does not invest in derivatives.
Typical number of investments	The portfolio normally holds 15 to 25 investments.
Typical portfolio turnover	25-35% p.a.
Inception date	December 2010
Investment management fee	0.495% p.a.
FinClear management fee	0.33% p.a.
Total fee	0.825% p.a.
Indirect costs	Underlying investment management fees and charges may be payable with respect to Exchange Traded Products should they be used within the model allocation. The closing market price of the Exchange Traded Product will generally reflect its fees and charges.

Asset allocation ranges:

Asset class	Minimum (%)	Target (%)	Maximum (%)
Australian equities	90	100	100
Cash	0	0	10

LONSEC LISTED MANAGED PORTFOLIO – LISTED INCOME

FinClear managed account	Professionally Managed Portfolio
Model code	LONSEC0008
Investment Manager	Lonsec Investment Solutions Pty Ltd
Asset category	Australian fixed interest
Investment objective	To provide investors with a sustainable income stream, which exceeds the benchmark by +1.5% p.a. while maintaining capital stability over the medium to long term.
Investor suitability	The model is suitable for investors who are seeking income in excess of the RBA cash rate.
Investment strategy	The portfolio has been constructed utilising LIS's issue risk assessment methodology and investor risk profiling. To determine the specific risks of an issue, LIS examines the financial position and investment risks related to each security. The six main risk categories identified and assessed include: Financial strength of the issuer, the Structure and Maturity of the issue, Liquidity and Volatility on the secondary market and the risks associated with the Industry in which the issuer operates. The industry risk of the portfolio is reduced through exposure to four different industries. LIS has examined the maturity structure of the portfolio constituents and expects redemption to occur on the specified call dates for each security.
Asset allocation ranges	see table below
Benchmark	Bloomberg AusBond Bank Bill Index
Investment timeframe	3 to 5 years
Investment universe	The portfolio primarily selects ASX listed income securities with a minimum market capitalisation of $150m.
Typical number of investments	The portfolio normally holds 5 to 20 investments.
Typical portfolio turnover	20-30% p.a.
Inception date	30 June 2012
Investment management fee	0.495% p.a.
FinClear management fee	0.33% p.a.
Total fee	0.825% p.a.
Indirect costs	Underlying investment management fees and charges may be payable with respect to Exchange Traded Products should they be used within the model allocation. The closing market price of the Exchange Traded Product will generally reflect its fees and charges.

Asset allocation ranges:

Asset class	Minimum (%)	Target (%)	Maximum (%)
Fixed interest & diversified income	0	100	100

LONSEC INVESTMENT SOLUTIONS

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