

Intrinsic Rates & Fees

Managed discretionary accounts

- Personal Investment Account
- Private Portfolio Investment Management Service

Clients Fees

We offer a competitive schedule of flexible investment management fees. The greater the value of the portfolio to be managed by us the lower will be our fee.

Clients using our Personal Investment Account (PIA) and Private Investment Management service (PIM) by coming to us directly are charged only one fee – an investment management fee. The investment Management fee is based on a percentage of funds managed.

We have special arrangements with distributors such as financial planning groups, funds managers, accountants and other professional advisers. When clients are introduced through these groups, a varied fee structure may apply which may include an establishment fee and an on-going fee that varies from our existing rates and fees schedule.

1. Investment Management Fee – paid to us

If you decide to use our investment management services we will charge you an Investment Management Fee. See the next section for our fee table.

Where we employ third parties on our behalf (for example for marketing services), we will pay for the services from fees you pay to us and from our other revenue.

2. Other fees – paid to third parties

The management of your portfolio involves other financial services businesses, such as share brokers, custodians and banks. These companies charge fees for the provision of these services and you are responsible for payment. For example, brokerage on share transactions and bank fees on your linked cash management account.

We do not provide custody services (administration, record keeping, settling transactions etc). This means the functions of investment management (which we provide) and custody (which our custodian provides) are separate. While we manage your investment portfolio, we are not empowered to access either your cash or share portfolio. Thus, the movement of cash and shares in your portfolio is controlled by your custodian who is monitoring our activities. The fee for these custody services is paid from your cash management account.

In addition, your financial planner, accountant or other professional adviser may charge you fees for providing advisory and other services and you may have agreed to pay these out of funds managed by us. If so, these funds will be deducted from your cash management account by your custodian and paid to your nominated adviser.

Naturally, statutory fees and charges such as government taxes (e.g. capital gains tax) related to the management of your portfolio are payable by you.

The table that follows shows fees and other costs that are commonly charged by investment managers, particularly those who offer unit trusts.

Type of Fee or Cost Intrinsic – Personal Investment Account & Private Portfolio Management Service	Intrinsic (Direct)	Other Service Providers
Fees when your money moves in or out of our investment management service.		
Establishment fee: This is the fee to open your investment.	Nil	Usually
Contribution fee: The fee on each amount contributed to your investment – either by you or your employer.	Nil	Usually
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	Sometimes
Termination fee: The fee to close your investment.	Nil	Sometimes
Management Costs		
Administration Costs*: These are fees and costs for operating the account. They include administration and other fees and expenses incurred by us in operating your portfolio. * Excludes GST.	\$25 per hard copy portfolio report.	Usually
Investment Costs*: This is the investment management fee for managing your portfolio. As this fee is based on the changing value of your portfolio, an example of the dollar cost is provided below. * Excludes GST.	A percentage based on Fee schedule table below	Always
Expense Recovery Fee: This refers to the out-of-pocket expenses Intrinsic incurs in managing your portfolio. For example, corresponding with you.	Nil	Often
Additional Service Fees		
Annual Review of Investment Program We are required by Law to conduct a formal annual review of your investment program.	Nil	Sometimes
Switching fee: This is the fee for when you switch between investment options.	Nil	Usually a fee
Adviser service fee: This is the fee for extra advice from your intrinsic portfolio manager about your investment.	Nil	Sometimes
Incidental fees These are fees incidental to managing your investment program.	Nil	Often
Distribution costs These are costs paid for distributing the product.	Nil	Occasionally

PERSONAL INVESTMENT ACCOUNT – Investors with \$100,000 to \$1,000,000

Based on our preferred minimum investment amount of \$150,000 we will charge a minimum of \$2,800 per year. This equates to 1.87% per year. This is less than the average Management Expense Ratio (MER) of 2.10% per year for multi-asset unit trusts - an inferior product for many investors.

Our minimum fee is \$2,500 per year. If market conditions lead to the portfolio, falling in value to say \$130,000 this would equate to \$1.92% per year.

Portfolio Value \$	Management Fee
Minimum Fee	\$2,500
Less than \$150,000 – subject to fee minimum	1.87%
\$150,000 to \$249,999	1.67%
Next \$250,000	1.37%
Next \$250,000	1.17%
Next \$250,000	0.97%

PRIVATE INVESTMENT MANAGEMENT – Investors with more than \$1,000,000

As one would expect clients of our Private Investment Management service pay even a lower investment management fee (as a percentage rate of funds managed) than those with a lesser amount to manage. Amounts under \$1,000,000 are subject to the table above.

Portfolio Value \$	Management Fee
\$1,000,000 to \$1,500,000	0.80%
Next \$500,000	0.60%
Amounts over \$2,000,000	0.40%

Clients of this service often have more complex investment requirements necessitating a flexible fee structure. We are happy to provide a set of arrangements that meets the needs of our Private Investment Management services. This may include performance fees. Please call us or contact your adviser for further details.

Our investment management fee is deducted from your linked cash management account monthly in arrears at the beginning of every month. It is calculated on the balance of your account at the end of the previous month.

New contributions

Should you wish to add to your portfolio by making additional investments we will pro-rata our normal management fee for that portion of time between the contribution date and the end of the month in which the contribution was made.

Withdrawals

Should you wish to make a withdrawal prior to the end of the month, we will pro-rata our normal management fee. The value of your portfolio at the end of the business day that we receive notice of our withdrawal shall be used to calculate the pro-rata management fee.

Deferred fee option

You can elect to defer payment of our investment management fee until your account has sufficient funds to pay some or our entire fee where upon we will instruct the custodian to make payment. There is no charge for using this option.

Consumer advisory warning

We are required by Regulation to provide you with the following warning.

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 member 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) has a *[superannuation or managed investment fee]* calculator to help you check out different fee options.