



PORTFOLIO ADMINISTRATION

PORTFOLIO ADMINISTRATION SERVICE

FREQUENTLY ASKED QUESTIONS

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Portfolio Administration Service – Frequently Asked Questions

What is the PAS?

The Portfolio Administration Service or PAS is a comprehensive investment administration platform for your share portfolio. It provides:

- ❖ Access to a wide range of securities listed on ASX
- ❖ A fully independent external custodian to hold all of your cash and shares held through the PAS
- ❖ All administrative and reporting functions relating to your share portfolio within a single report format including all valuation, performance and tax calculations
- ❖ Processing, banking and reporting of dividend payments and corporate actions
- ❖ Comprehensive quarterly and annual reports including detailed performance reporting
- ❖ The ability for you to decide if and when shares will be acquired or disposed of

The PAS is operated by JM Financial Group Limited (JMFG) ACN 007 364 132 (AFSL 238397).

How is the PAS structured?

JMFG is the operator and administrator of the PAS and is responsible for maintaining your records, share portfolio reporting and carrying out your instructions or the instructions of your authorised representative.

JMFG has appointed an independent external custodian, Sandhurst Trustees Limited (Sandhurst). Sandhurst is responsible for the safe custody of your shareholdings and cash in your account. Sandhurst is legally obliged to act in accordance with the instructions of JMFG, including the transfer of assets back to you or your nominee.

Who is Sandhurst Trustees?

Sandhurst Trustees (Sandhurst) is the custodian for all PAS accounts. Sandhurst is licensed by ASIC (AFSL 237906) to, amongst other things, act as a custodian. Sandhurst is a wholly owned subsidiary of Bendigo Bank Limited (AFSL 237879).

JMFG has been using Sandhurst as a custodian for clients' funds since 2006.

Why are my shares held in Sandhurst Trustees' name?

Under financial services laws, an entity which holds the legal title to a client's assets must meet certain minimum financial requirements. These include maintenance of a minimum level of net tangible assets of \$10 million.

In order to ensure these minimum financial requirements are met in relation to the PAS, JMFG has entered into a custody agreement with Sandhurst. Under this custody agreement, Sandhurst will hold the legal title to any shares acquired or held through the PAS. While Sandhurst holds legal title, the beneficial interest in the shares remains with you. This arrangement means that JMFG holds records for all individual clients and is able to produce client reports on request at any time, but does not hold the legal title to the shares.

Another benefit of having a custodian is relative anonymity on the share register. Only Sandhurst's name appears on a company's share register.

Can Sandhurst Trustees deal with my shares without my consent?

No. As Sandhurst is a 'bare trustee', it cannot sell your shares unless you or your authorised representative instructs JMFG to do so.

Under the arrangement with Sandhurst, all assets of clients held by Sandhurst through the PAS must be held separately from any other assets held by Sandhurst.

Who can join the PAS?

Anyone who is an Australian resident over 18 years of age can apply to join the PAS. Companies, partnerships, trustees and executors can also all apply to join the PAS.

Is there a minimum investment required?

No minimum subscription amount applies to join the PAS.

Can I transfer my existing portfolio to the PAS?

Yes, your existing shareholdings can be transferred to the PAS. Where you are already the beneficial owner of these shares you can do so without triggering a capital gains tax (CGT) event.

What reports will I receive as part of the PAS?

Investors in the PAS receive the following reports on a quarterly and annual basis:

- ❖ Portfolio Appraisal
- ❖ Performance Report
- ❖ Transaction Report
- ❖ Income Summary Report
- ❖ Capital Gains/Losses Report
- ❖ Cash Ledger
- ❖ Ad-hoc reports on request

What are the risks?

All investments involve some level of risk and risks vary between various classes of assets. Before making any investment decisions, JMFG recommends that you seek investment advice from a suitably qualified financial professional.

Can I transfer my shares out of the PAS at any time?

Yes. Subject to there being no outstanding settlements or corporate actions, it will usually take about 5 business days to withdraw your shares from the PAS, but may take longer in some situations.

Can I withdraw cash from my PAS account?

Cash withdrawals can occur at any time as long as you provide at least 2 days' notice in writing. Instructions must be signed by all account holders and include details of the bank account for direct deposit of your funds.

A minimum level of 3% of the value of your account is required to be maintained in the cash account at all times until your account is closed. This is to ensure that you have sufficient cash available to meet expenses such as PAS fees and any other costs that may arise.

What fees apply to PAS?

Fee Schedule

Annual Administration Fees (based on the value of the assets in your portfolio)

	Fee	GST	Total
Platform administration	0.5%	0.05%	0.55%

A minimum annual fee may apply when the value of assets fall below an economic level.

All fees are deducted directly from cash held in your PAS account.

Brokerage is also generally payable when buying and selling shares and some other types of investments. Brokerage, including GST, is charged at varying rates on the value of the trade, depending on the provider and size and frequency of transactions. JMFG may not charge you brokerage for buying and selling shares where you have engaged JMFG for a negotiated fee to provide you with financial advice in relation to your portfolio.

How can I get further information about the PAS?

Detailed information about the PAS is contained in the combined Financial Services Guide prepared by JMFG. This document contains detailed information about the benefits and risks associated with the PAS.

Important information: *The PAS is operated by JM Financial Group Limited (JMFG) - AFSL 238397. The information presented in this Frequently Asked Questions sheet is general factual information only and should not be considered financial product advice. You should consider the Financial Services Guide and JMFG strongly suggests you obtain advice from a financial adviser before you make any decision regarding the PAS. JMFG does not guarantee the repayment of capital invested in, or the investment performance of, your portfolio.*