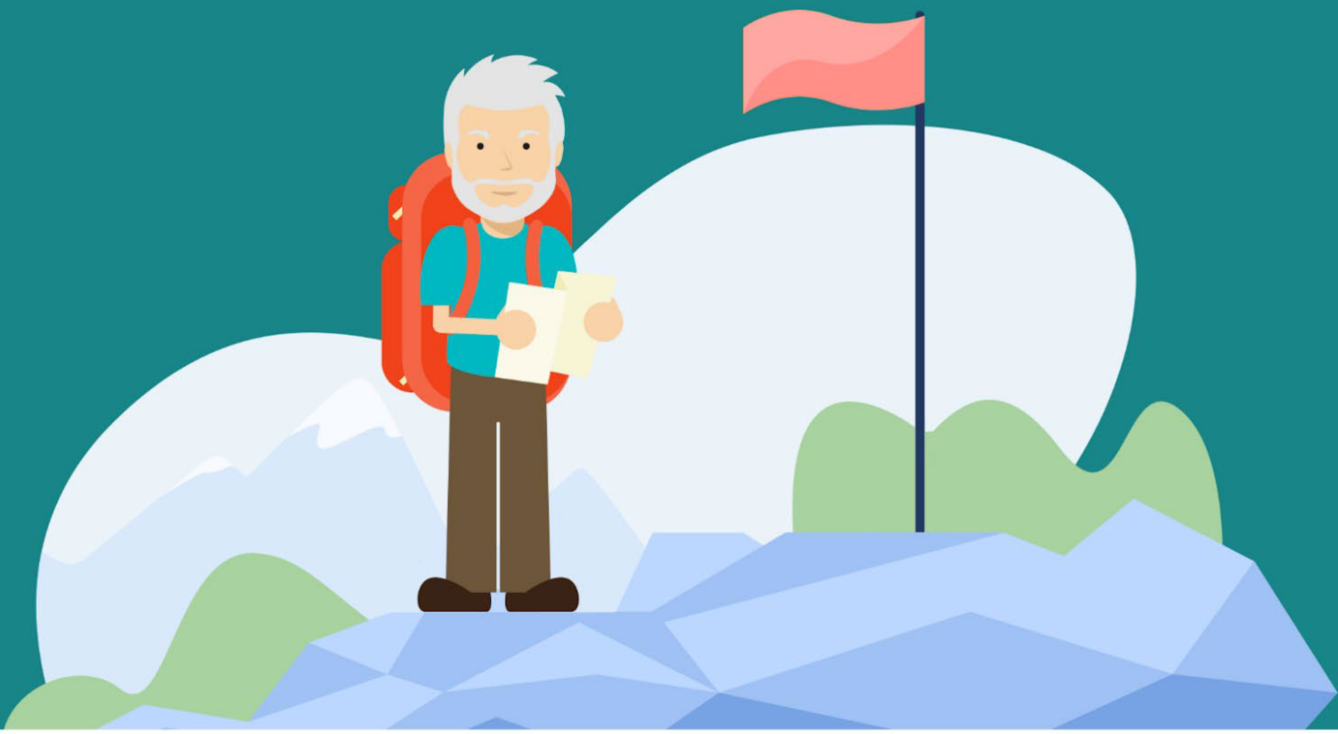
STATEMENT OF ADVICE



Prepared for

[redacted]

By Vince Scully, Life Sherpa Pty Ltd

4th April 2023

This is an important document.
You should read it carefully and make sure you understand it.
If there is anything that you disagree with or do not understand, please ask me.

What you asked me to do and my recommendation

[redacted], you have asked me to review your current superannuation fund and investment choices to ensure they are appropriate for your needs. I have based my assessment of appropriateness on your risk profile, money personality, investment time horizon. My advice is limited to this aspect of your finances.

I have also assessed the adequacy of your current balance based solely on your age and income using the Life Sherpa benchmark.

Based on your objectives and information provided, I recommend:

1) Open a Colonial First State Wholesale Personal Super Account
2) Select the investment choices identified in my recommendation in Table 2: Recommendation Table 2.
3) Rollover 100% of your super balance into your new fund and notify your employer to pay future super guarantee contributions to your new super fund.

This advice is in your best interest because:

- The asset allocation is aligned to your High Growth investor profile.
- You will save $110.22 ([redacted]%) per annum on administration and investment fees.
- The investment option has improved transparency so you will have better visibility on what you are actually invested in.
- You will have less exposure to unlisted assets meaning that the value of your investment will more accurately reflect the true value of the underlying assets.

Warning: Do not action this advice before you have considered:

1) Insurance – You will lose any insurance you hold within your super fund if you close your current super fund.
2) Personal contributions – You need to lodge a notice of intent to claim for any personal contributions you made since your last tax return or you will lose the ability to claim a tax deduction for these.

I have not considered every available superannuation and investment option. In particular, I have limited my review to those products which are generally available and that you can acquire and retain without the ongoing involvement of a licensed financial adviser.

I have not addressed your insurance nor have I made any recommendations in this regard. You should consider your needs and take appropriate professional advice. I can help you with this.

This advice will not include:

- Implementation of the recommendation and opening the recommended super accounts;
- investment advice in relation to your assets other than super;
- insurance advice;
- retirement planning, including income requirements;
- estate planning and beneficiary nominations;
- budgeting and cashflow planning; or
- debt strategies.

Please ask me if you would like to discuss any of these excluded topics. More details about Life Sherpa and the services we offer are available in our Combined Financial Services Guide and Credit Services Guide, available on our website at https://lifesherpa.com.au/LifeSherpa_FinancialServicesGuide.pdf

The information is obtained from the CFS Wholesale Personal Super Product Disclosure statement dated 21 November 2022 and from the Australian Retirement Trust Product Disclosure Statement date 01 July 2022.

About you

[redacted], you are [redacted] ([redacted]) and work full time [redacted] excluding super per annum at [redacted]. You live in New South Wales.

You profiled as a **Growth** investor in the risk profiler. Investors in the High-risk group are prepared to accept a moderate-to-high degree of volatility in their financial investments in order to achieve their goals. When faced with a major financial decision they are usually more concerned about the possible gains rather than possible losses. They seek to generate long-term capital growth. A fall of 30% in the total value of their investments would make them feel uncomfortable.

You profile as a **Safety Player** on our MoneyMax® personality profiler. A desire for security is a significant motivator in how you manage your money and taking greater risk in your investments is generally undesirable. The exception to this is an educated member of this group who has learned to understand risk and overcome fears of loss which may be unjustified. It's a wise strategy to be motivated by a sense of safety and security in investing, as long as you attend to the preservation your wealth and are not at greater risk of your money being depleted by taxes or not keeping up with inflation.

You have an investment time frame of **more than 10 years**. You will not able to access your super fund until at minimum age 60 under current legislation.

Your employer does not place any restrictions on the choice of super fund you may have and you have made no personal contributions to your current super fund.

Your Current Fund

You are currently invested in Australian Retirement Trust with a balance of $[redacted]. All calculations in this document are based of this amount. Your super is split as follows:

Investment Option	Allocation	Value $
Balanced	100%	[redacted]
Total	**100%**	[redacted]

Table 1: Current Fund

Recommendation

I recommend that you rollover your entire balance from Australian Retirement Trust to Colonial First State Wholesale Personal Super and select the following investments:

Fund Name	**Allocation**	**Amount Allocated ($)**
CFS Wholesale Index Australian Share	40.00%	[redacted]
CFS Wholesale Index Global Share	25.00%	
CFS Wholesale Index Global Listed Infrastructure Securities	10.00%	[redacted]
CFS Wholesale Index Global Property Securities	10.00%	[redacted]
Realindex Wholesale Emerging Markets	5.00%	
CFS ETF Exposure Series - Physical Gold	10.00%	
Total Portfolio	100.0%	[redacted]

Table 2: Recommendation

Colonial First State Wholesale Personal Super is issued by the Colonial First State FirstChoice Superannuation Trust which is a public offer superannuation fund which offers personal super, employer super and pension products. It provides sufficient flexibility and choice to construct a portfolio to match your recommended asset allocation cost-effectively.

You can choose one option or a combination of different options from more than 130 and can transfer your money into other options at any time. Each FirstChoice Wholesale option is a separate option within this superannuation fund and invests in an underlying 'pool' which is managed according to the option's objectives. I have constructed a portfolio to match your recommended asset allocation.

Why this recommendation is in your best interest

Asset Allocation and why it matters

The biggest driver of investment returns (before fees) in superannuation is the type and mix of assets you choose. In other words, how much of your money is invested in shares is more important than the amount allocated to individual shares and bonds. This is called asset allocation.

Some asset types (such as cash and bonds) tend to produce low but steady returns with a low risk of losing money. These are referred to as Defensive Assets. Others, such as Australian and International Shares, yield higher returns with more variability and the chance of losing value. These are known as Growth Assets because they are capable of delivering returns above inflation over time.

Generally, if you target a higher return, you need to accept a higher level of risk by allocating more of your funds to Growth assets. If you are not prepared to take an appropriate level of investment risk, you may need to make greater contributions to deliver the same retirement income level.

For long term investments like Super, mixing Defensive and Growth assets in the right proportion can deliver higher long-term returns with less variability and risk. Too little growth and inflation will erode the buying power of your savings; while too much in Growth assets can create volatility, potentially leading to panic reactions.

For most investors controlling this emotional reaction is an important element in achieving their goals. Asset allocation is the key to balancing these factors.

How I selected your Asset Allocation

I have based my recommended asset allocation on the following:

1. Your Life Sherpa Risk Profiler - **Growth**
2. Your money personality - **Safety Player**
3. Your investment time frame - [redacted] **ears**

I have used your Growth profile as my baseline. Your money personality has a neutral impact on your profile. Your investment time frame increases your investment risk profile. This leads me to conclude that you are a High Growth investor.

Asset Allocation Target, Certainty and Transparency

In the Australian Retirement Trust Balanced option, the manager has significant discretion to vary the asset allocation from the target of 78.50% Growth/21.50% Defensive. This could result in an asset allocation between 100%/0% to 45%/55% for the Balanced option.

Australian Retirement Trust does not disclose how they intend to choose any particular setting within this range. This gives rise to a temptation to "game" the league tables of returns, despite the overwhelming evidence that active managers cannot successfully market time consistently.

Accordingly, you cannot have any assurance that the asset allocation at any time will match your requirements determined by your risk profile, time horizon and goals.

Australian Retirement Trusts lists the Australian and overseas listed companies it invests in directly by dollar value and percentage of the fund. It does not disclose the underlying holdings where it is invested through an external manager.

For fixed interest, only the amount and name of the issuer is disclosed – no disclosure of credit rating or duration (the two key factors that influence bond returns).

In contrast the recommended Life Sherpa High Growth Portfolio is:

- 90%/10% Growth/Defensive and will be rebalanced to these allocations each quarter. This provides certainty of asset allocation. Within the quarter these allocations may vary as markets change.
- Consists primarily of indexed investments where the constituents and their proportions are publicly available.

Asset Class	ART Balanced Target Allocation	ART Balanced Allocation	High Growth Portfolio
Australian Shares	0 - 50%	24.50%	40.00%
– Small Caps	-	-	-
International Shares	0 - 70%	30.50%	25.00%
– Small Caps	-	-	-
– Emerging Markets	-	-	5.00%
Property	0 - 30%	8.50%	10.00%
Infrastructure	0 - 20%	8.50%	10.00%
Alternative Growth	0 - 15%	-	-
Total Growth		**78.50%**	**90.0%**
Australian Bonds	-	-	-
International Bonds	0 - 30%	17.50%	-
Alternative Defensive	-	-	-
Gold	-	-	10.00%
Cash	0 – 25%	4.00%	-
Total Defensive		**21.50%**	**10.00%**

Table 3: Current and Recommended Asset Allocation

Listed vs Unlisted Assets

The underlying investments in your super fund (or other investment fund) are classified as listed (that is they trade on a recognised market such as the ASX) or unlisted where the asset is traded privately at a price and on terms agreed between the parties.

The Australian Retirement Trust Balanced option has an allocation of 26.93% to unlisted assets.

The value of listed assets is determined by thousands of transactions every day on the same terms. This price is publicly available. In most cases, a super fund will be able to enter or exit in the required quantities without materially moving the market.

On the other hand, the value of unlisted assets is generally determined by a financial model often operated by analysts employed by the manager and subject to the accuracy of many key assumptions. Small changes to these assumptions can generate material changes in the book value used to determine the reported performance and the price at which you can buy or sell units in the fund. The actual market value is only known when there are trades. Such trades are often subject to restrictions and may not accurately reflect the price at which the manager could sell. Such a transaction could also take considerable time to complete.

This lack of a market price creates the illusion of value stability and as result lower reported volatility, but actually increases the risk of investing all other things being equal.

At Life Sherpa, we prefer listed assets for the lower risk and greater transparency. The recommended portfolio contains no allocation to unlisted assets.

Risks of 'Member-Owned' Funds Managers

Australian Retirement Trust, like a number (13 of the top 20 by assets) of Australia's largest super funds, is operated on a "profit for members" basis. As profit is simply payment for risk in a competitive market, this means that the business risk of the manager falls on members either through the indirect cost ratio, or the funds ownership of the manager or their related parties.

As well as the usual risks of operating a business, there are risks specific to funds management operations. These risks include overruns or delays in delivering IT systems, fines or penalties imposed by the regulator, marketing spend which does not generate the expected additional assets under management (AUM), unforeseen declines in AUM or member numbers, or unit pricing errors requiring compensation to affected members or former members.

The effect of these risks is usually realised as either higher expenses or lower investment returns or paid for from reserves (in effect member's money) and will be known only in hindsight. There may be significant and adverse consequences, such as transaction costs, including potential loss of insurance cover, where such realised impacts are substantial enough to warrant you moving to another fund.

A "for-profit" fund will usually have a suitably capitalised manager able to absorb these business risks and an incentive to preserve the value of their business thus (in most cases) sheltering members from the risk.

These risks are relatively small and the fund's investment in the subsidiaries responsible for managing the investments, although not explicitly disclosed, is likely to be less than 1% of the fund's assets.

Moreover, the ownership of the underlying manager creates complications where poor performance would otherwise result in it being appropriate for the trustee to replace the failing manager.

Accordingly, we believe that this risk should only be accepted by investors if there is a significant reduction in fees (all other things being equal) to compensate.

Colonial First State is a subsidiary of the Commonwealth Bank of Australia which it owns in partnership with Kohlberg Kravis Roberts (KKR). Commonwealth Bank is Australia's largest bank. KKR is a leading global investment firm which manages more than USD234 billion in assets. Investments with CFS are not bank deposits and are not covered by the Government guarantee on bank deposits.

Alternatives considered

My extensive research has not identified an alternative that better meets your needs than your recommended fund, matches your risk profile, delivers transparency, and provides certainty of asset allocation in a similar portfolio at a lower price.

Fees and Costs

Super Fund Fees

The cost of the recommended fund consists of an administration fee, transactions cost, and an investment fee.

Your current fund's asset-based administration fee is 0.10% of your fund capped at $800 with a fixed administration fee of $62 per annum and a provisional fee of 0.07%. The Balanced option has transaction costs of [redacted]% or $13.12 per annum. The investment fee is [redacted]% or $54.00 that includes the performance fee of [redacted]% or $24.60 per annum. The current total cost for your Australian Retirement Trust is $144.00 or [redacted]% per annum.

Fund Name	Allocation	Admin Fee	Inv Fee	Total fee ($)	Amount Allocated ($)
CFS Wholesale Index Australian Share	40.00%	0.0%	0.34%	[redacted]	[redacted]
CFS Wholesale Index Global Share	25.00%	0.0%	0.36%	[redacted]	[redacted]
CFS Wholesale Index Global Listed Infrastructure Securities	10.00%	0.0%	0.35%	[redacted]	[redacted]
CFS Wholesale Index Global Property Securities	10.00%	0.0%	0.36%	[redacted]	[redacted]
Realindex Wholesale Emerging Markets	5.00%	0.0%	1.00%	[redacted]	[redacted]
CFS ETF Exposure Series - Physical Gold	10.00%	0.0%	0.65%	[redacted]	[redacted]
Total Portfolio			**0.41%**	[redacted]	[redacted]

Table 4: Investment Selection and Fees

The cost for the recommended fund is $[redacted] or [redacted]%.

By implementing my recommendation, you will reduce your super fees by $110.22 per annum which is [redacted]% of your balance.

Advice Fees Payable to me or Life Sherpa

The cost to you for this advice is $249 (GST incl). Money Sherpa (our licensee) will pay Life Sherpa 85% of the amount it receives ($211.65). From this Life Sherpa will pay $124.50 to Pearler Investment Pty Ltd ("Pearler").

Adequacy of your super balance

You have not expressed a retirement income target, nor do you have a firm retirement plan, other than to express a general desire to retire before the normal age of retirement when you could access your super and potentially qualify for a full or part aged pension.

I have therefore assessed the adequacy of your current balance against this benchmark.

Life Sherpa Benchmark

We maintain a benchmark (based on age and income) for superannuation savings during your working life.

The benchmark is based on a typical lifetime salary growth path, reasonable assumptions on future investment returns, continuing contributions at the current Superannuation guarantee level of 10.5% of income, and a final target of 99 months' salary at retirement. This should be capable of generating a tax-free inflation linked income of 4 months' salary ($30,000 per annum) as an after-tax income (under current the current tax rules). In addition, you may qualify for some aged pension payments during retirement.

Age for benchmark	Super balance in months' pay	Super balance benchmark
[redacted]	[redacted]	$ [redacted]
		$
		$
		$
		$
		$

Table 5: Life Sherpa Super Balance Benchmark

Based on your age, current income and super balance you have 1 months' gross income in your super fund and are you are ahead the Life Sherpa benchmark.

Is this right for you?

Whether this is right for you will depend on your view of what an annual budget might look like, whether you have paid off your home (or bought one) and whether your children (if any) have become financially independent.

A comprehensive retirement income plan will have four elements: Super savings, aged pension entitlement, non-super investments and the ability to access accumulated equity in your home either by downsizing or using a reverse mortgage.

If you would like to learn more click here or here. If you would like to talk to an adviser, click here.

Consequences of making this decision

Exit or Switching Fees

When you invest in a super fund, you generally buy units by exchanging cash for units. When you withdraw from an investment, you redeem your units and receive cash.

The number of units you receive is the amount of cash divided by the unit price at the time your transaction is processed. This is usually a day-end price which will not be known until after you lodge your request.

Capital Gains Tax

The unit price already includes an accrual of the capital gains tax applicable to the increase in value of the underlying assets held by the fund. You will not pay capital gains tax personally on the rollover.

Out of market

There will be a delay between sale of your existing investments and the purchase of your new investments in the destination fund. During this period, you will not receive the benefit of any increases in the market, nor will you be exposed to any falls in the market.

Risks and Benefits

All investments have some level of risk. The higher the potential reward, the higher the risk of losing money. The reverse is also generally true: the lower the risk, the lower the potential reward.

- the value of your investments may go up and down;
- investment returns are not guaranteed, and you may lose some of your money;
- the level of returns may vary, and future returns may differ from past returns;

By allocating a proportion of your investments to Growth assets (with the aim of generating higher long-term returns), you are likely to experience day to day fluctuations in the value of your portfolio and have a risk of a negative year.

About Life Sherpa and Me

This advice has been prepared by Vince Scully. I am an employee representative of LifeSherpa Pty Limited ("*Life Sherpa*") which has issued this Statement of Advice.

LifeSherpa Pty Limited is an authorised representative (#468922) of MoneySherpa Pty Limited ("*Money Sherpa*") which holds Australian Financial Services Licence (#451289) issued by the Australian Securities and Investments Commission (ASIC).

Life Sherpa, Money Sherpa and I are contactable by phone on 1300 MYSHERPA, by email on mysherpa@lifesherpa.com.au or by mail at Ground Floor, 3 Eden Street, North Sydney, NSW 2060

Independence Statement

Other than the fee above, none of Money Sherpa, Life Sherpa or their employees, directors or associates will receive any benefit as a result of you acting on this advice nor do they have any interests or any relationships with any issuers of any financial products which could influence the advice provided to you.

I am an employee of Life Sherpa and will not receive any portion of the income from providing this advice or you acting on it. I receive a fixed salary and bonus which is dependent on a range of non-revenue factors including member satisfaction.

As a shareholder and the owner of both Life Sherpa and Money Sherpa I will share in the overall profits and growth of the group.

Annexure A

Our investment philosophy

At Life Sherpa, our investment philosophy gives our work focus and meaning. In just ten firm rules, we have enshrined those beliefs we hold dear to provide our members insight into how we manage our own money and theirs. It shows how we are different, why that matters and demonstrates the inherent value in our approach.

This philosophy is guided by a century of data, research by Nobel Prize-winning economists, and the decades of experience of our founder, Vince Scully.

1. The capital markets work (most of the time)

The capital markets are highly efficient at pricing investments, and these prices reflect the expectation of all market participants. But they are not perfect, are subject to booms and busts, and can remain irrational for extended periods. But they are mostly efficient most of the time and so it is tough for an individual investor to outsmart the rest consistently over time.

2. To get a return you need to accept risk

All investing involves risk. Returns are the reward for the risk we take. No, it doesn't guarantee a return; it wouldn't be risk if it did.

Risk and return are related – if you want a higher return, you need to accept higher risk. The secret to success is to ensure that each incremental unit of risk you take gets rewarded with additional return.

3. The majority of your returns and risk are driven by your asset allocation.

The biggest driver of investment returns is the type and mix of assets you choose. In other words, how much you invest in shares is more important than the amount you allocate to (say) Telstra. We call this asset allocation.

Generally, if you target a higher return, you need to accept a higher level of risk. If you are not prepared to take an appropriate level of investment risk, you may need to save more or invest for longer to achieve the same goal.

4. Diversification is the only "free lunch" when it comes to investing.

Diversification is the act of spreading your investment risk around. Winning investment portfolios hold a mixture of shares, bonds, commodity, infrastructure and real estate distributed between geographies, currencies and industries.

It's not just about the number of investments, though. It's more about the nature of the assets – they need to behave differently as well.

5. Focus on the things you can control.

You can't reliably predict the future of markets so you need to focus on the things you can control. Plan, prepare and protect when it comes to everything else. Don't try to predict if and when an event might occur – ask instead what you will do if it does happen.

Accordingly, focus mainly on minimising both tax and costs.

Low-cost index funds, in general, provide superior after-fee returns to actively managed funds engaged in stock picking or market timing.

However, appropriate indexes or products that track them may not be available for all assets. You don't need to choose between 'active' or 'indexed' — each has its place in your investment portfolio.

6. Consistent Outperformance Is Rare

There is a vast body of research that tells us that where individuals or fund managers do deliver outperformance, it is mostly down to luck rather than skill.

7. Outperformance is not a goal in itself

As an individual investor, your objective is to achieve the life goal you have identified, seeking to beat the market is not a meaningful goal.

8. You can't know more about the markets than the professionals, but you can know more about yourself

Your behaviour is the difference between success and failure when it comes to investing. Letting your emotions drive your decisions leads to buying more when markets are booming and selling in busts – this is the opposite of buy low sell high.

You may not be able to know more about the markets than the professionals do (and if you do, it might be illegal), but you certainly can know more about yourself. This knowledge is the key to long term investment success.

9. Education Matters, but overconfidence and hubris are deadly

If your adviser does their job well, you should be able to explain in your own words what you are investing in and why, as well as how your investments work to help you achieve your goals. Because with knowledge comes understanding, and with understanding, confidence.

Overconfidence, on the other hand, leads to excessive trading, which destroys returns.

That's why our role as your adviser is as much guide and coach as it is investment manager. Your Sherpa is here to educate and support you, to prepare you emotionally for market highs and lows, and to keep you on track to achieve whatever financial summit you choose.

10. Ongoing management matters

Over time markets change, regulation changes, managers change, styles change, funds choose to change the index they track, and your circumstances may change. All of these events may require a change to your asset allocation or choice of fund.

Markets move in cycles, and these cycles are notoriously difficult to pick. After a period of above-average returns in one asset class, it makes sense to rebalance into others and so lock in profits and reduce risk.

Choosing ongoing management ensures that these are all considered at the appropriate time, and demonstrably adds significant value over time.