

Mainstream Separately

Managed Account

PRODUCT DISCLOSURE STATEMENT

Book 2



MAINSTREAM



Product Disclosure Statement

Book 2

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This PDS is comprised of two essential parts. These documents are:

- › Part 1 of the PDS; and
- › This document, which is Part 2 of the PDS, the Investment Menu

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ABOUT THIS PDS

DISCLAIMER

This is Book 2 of the Product Disclosure Statement (PDS) for the Mainstream Separately Managed Account ARSN 631 635 473 (Scheme), a managed investment scheme registered under the Corporations Act 2001 (Cth) (Act) with the Australian Securities and Investments Commission (ASIC). Book 1 and Book 2 make up the PDS and should be read together. The PDS contains important information you should read before making a decision to invest in the Scheme. You can access Book 1 of the PDS on the Scheme's website (www.mainstreamgroup.com/SMA) or request a copy free of charge by calling Mainstream on 1300 133 451. The information provided in the PDS is general information only and does not take account of your personal financial situation or needs. You should consider the appropriateness of the information in the PDS and the additional Information contained in this Book 2 of the PDS having regard to your personal objectives, financial situation and needs before acting on the information in this PDS. You may wish to obtain financial advice tailored to your personal circumstances.

Any item marked with an asterix (*) in this Book is the Responsible Entity's reasonable estimate of the typical ongoing amounts as at the date of this PDS. As the Mainstream Separately Managed Account is newly established, the management costs, indirect costs, and transactional and operational costs disclosed for each Model Portfolio reflects the

Responsible Entity's reasonable estimate at the date of this PDS of those costs that will apply for the current financial year.

Terms used in this Book 2 of the PDS will have the same meaning as set out in Book 1, refer also to the Definitions on page 45.



INVESTMENT MANAGER



The Rivkin brand has existed for four decades in Australia, and in the late 1990s it became very well known within the Australian equity investment research space.

In 2009 the firm became engaged in global multi-asset research and quantitative analysis, and since then has provided retail advice to a large number of Rivkin subscribers. In addition, we launched Rivkin Asset Management in 2016 which provides investment management services for high value clients.

With 20 years' of experience in providing investment advice, Rivkin is now proud to partner with Perpetual and Mainstream to provide a low touch method for investors to benefit from this investment experience. Rivkin currently has over \$250m in assets under advice as at 31 March 2019.

PRESELECTED SMART PORTFOLIOS

While Rivkin's portfolios can be followed on a standalone basis, for greater diversification we have constructed four Model Portfolio options that each focus on a different investor goal. These options hold pre-set portfolios at pre-set weightings so that the investor isn't burdened with the decision of which portfolios to follow.

RIVKIN SECURITIES SMART PORTFOLIOS

Name:	Underlying Portfolios
Smart Growth	ASX Momentum (40%-60%) ASX Value (40%-60%)
Defensive Income	ASX Income (70%-90%) ASX Value (10%-30%)
Global Growth	ASX Momentum (15%-25%) ASX Value (15%-25%) US Momentum (25%-35%) US Value (25%-35%)
Capital Stable	Low Volatility (100%)

MODEL PORTFOLIO PROFILES

The Model Portfolios profiles on pages 8-13 provide a summary of the investment options offered within the Scheme.

The following information explains certain terms and concepts detailed in the Model Portfolio profiles.

Model Manager

This shows the professionally selected Model Manager which has been appointed to manage the money in the investment option

Investment Strategy

The Investment Strategy describes the overall strategy of the Model Portfolio and how the money will be invested.

Target Asset Allocation

The Target Asset Allocation refers to the proportion of a Model Portfolio that is invested in each asset class such as domestic and international equity, property securities, fixed interest and cash. The asset allocation will vary at different points in time. The range reflects the minimum and

maximum amount that may be held in each asset class at any point in time.

Minimum suggested timeframe

This is a guide only and not a recommendation. Model Managers will have differing views about the minimum investment period for which you should hold various investments, and your own personal circumstances will also affect your decision. Under each investment objective, we have suggested minimum investment timeframes; however, you should regularly review your investment decision because your investment needs or market conditions may change over time.

Risk level

The risk level represents the Standard Risk Measure (SRM), which is based on industry guidance to allow investors to compare investments that are expected to deliver a similar number of negative annual returns over any 20 year period, as follows.

RISK BAND	RISK LABEL	ESTIMATED NUMBER OF NEGATIVE ANNUAL RETURNS OVER ANY 20 YEAR PERIOD
1	Very Low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to High	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The standard risk measure is not a complete assessment of all forms of investment risk; for instance, it does not detail the potential size of a negative return nor the possibility that a positive return is less than an investor's investment objectives. Also, it does not take into account the impact of ongoing fees, tax or the likelihood of a negative return or an investor's personal needs and financial situation.

Investors should still ensure that they are comfortable with the risks and potential losses associated with your chosen investment option(s).

The SRMs for the Model Portfolio may change over time for various reasons, including as a result of review of the underlying capital market assumptions that are used in their valuation and future changes to asset allocation by the Model Manager.

INVESTMENT MENU



RIVKIN SECURITIES MODEL PORTFOLIOS

Name	Model Portfolio Type	Benchmark
Rivkin ASX Momentum Portfolio	Australian shares	S&P/ASX 100 Accumulation Index
Rivkin ASX Value Portfolio	Australian shares	S&P/ASX 200 Accumulation Index
Rivkin ASX Income Portfolio	Australian shares	RBA Cash + 6%
Rivkin US Value Portfolio	US Shares	S&P 500 Accumulation Index
Rivkin US Momentum Portfolio	US Shares	S&P 500 Accumulation Index
Rivkin Low Volatility Portfolio	Australian and US shares	RBA Cash Rate + 4%

RIVKIN SECURITIES MODEL PORTFOLIO LIST

RIVKIN ASX MOMENTUM PORTFOLIO

Model Manager	Rivkin Securities Pty Limited
Investment strategy	A concentrated long only Australian equity portfolio focused on investing in ASX 100 securities. The portfolio seeks high momentum stocks that may continue to outperform the benchmark.
Minimum suggested timeframe	5 years
Suitable for	Investors with an objective to invest in high momentum companies to obtain risk adjusted returns relative to the benchmark over the medium-to-long term.
Investment return objective¹	To seek to invest in companies with a strong technical share price trend and to provide superior risk adjusted returns relative to the benchmark over the medium-to long term with the aim of creating capital growth in the value of your investment.
Benchmark	S&P/ASX 100 Accumulation Index
Authorised investments	ASX listed securities and cash
Number of securities	0-10
Target asset allocation²	Australian shares 0-99% Cash 1-100%
Management Costs³ comprising	
› Investment management fee	1.55% p.a. of the Model Portfolio value
› Performance Fee	10.5% of outperformance of the Model Portfolio (not relative to benchmark performance)
Performance Fee Period	Monthly
Indirect costs*	Nil
Transaction and Operational Costs	Estimated at 0.69% p.a.
Minimum investment amount	\$25,000
Standard Risk Measure	2- Medium

¹ The Investment return objective is not a forecast and returns are not guaranteed.

² The Target asset allocation for each portfolio should only be used as a guide. The Model Manager aims to maintain each portfolio within Target asset allocation ranges, however, the actual asset allocation may vary from the Target asset allocation.

³ All fees are disclosed inclusive of GST and net of any RITC at the prescribed rate (depending on the nature of the fee or expense).

Refer to page 26, Additional Explanation of Fees and Costs of Book 1 of this PDS for any additional management costs and transactional and operating costs associated with this Model Portfolio.

RIVKIN ASX VALUE PORTFOLIO

Model Manager	Rivkin Securities Pty Limited
Investment strategy	A concentrated long only Australian equity portfolio focused on investing in ASX 200 securities. The portfolio seeks stocks with high quality earnings that may outperform the benchmark.
Minimum suggested timeframe	5 years
Suitable for	Investors with an objective to invest in companies with strong fundamentals to obtain risk adjusted returns relative to the benchmark over the medium-to-long term
Investment return objective⁴	To seek to invest in companies with high quality earnings and to provide superior risk adjusted returns relative to the benchmark over the medium-to long term with the aim of creating capital growth in your investment.
Benchmark	S&P/ASX 200 Accumulation Index
Authorised investments	ASX listed securities and cash.
Number of securities	0-10.
Target asset allocation⁵	Australian shares 0-99 % Cash 1 – 100%
Management Costs⁶ comprising	
› Investment management fee	1.55% p.a. of the Model Portfolio value
› Performance Fee	10.5% of outperformance of the Model Portfolio value (not relative to benchmark performance)
Performance Fee Period	Monthly
Indirect Costs	Nil
Transaction and Operational Costs	Estimated at 0.69% p.a.
Minimum investment amount	\$25,000
Standard Risk Measure	5- High

⁴ The Investment return objective is not a forecast and returns are not guaranteed.

⁵ The Target asset allocation for a Model Portfolio should only be used as a guide. The Model Manager aims to maintain each Model Portfolio within Target asset allocation range, however, the actual asset allocation may vary from the Target asset allocation.

⁶ All fees are disclosed inclusive of GST and net of any RITC at the prescribed rate (depending on the nature of the fee or expense). Refer to page 26, Additional Explanation of Fees and Costs of Book 1 of this PDS for any additional management costs and transactional and operating costs associated with this Model Portfolio.

RIVKIN ASX INCOME PORTFOLIO

Model Manager	Rivkin Securities Pty Limited
Investment strategy	A long only Australian equity/hybrid portfolio focused on investing in ASX listed securities. The portfolio seeks common stocks and preferred shares with high income yields. In addition, the portfolio takes part in various merger arbitrage opportunities.
Minimum suggested timeframe	5 years
Suitable for	Investors with an objective to invest in a portfolio that pays a high income yield while seeking to minimize capital fluctuations.
Investment return objective⁷	To seek to invest in securities with a high income yield and to provide superior risk adjusted returns relative to the benchmark over the medium-to long term with a focus on generating income and some capital returns.
Benchmark	RBA Cash Rate + 6%
Authorised investments	ASX listed securities and cash.
Number of securities	0-25
Target asset allocation⁸	Australian shares 0-99 % Cash 1 – 100%
Management Costs⁹ comprising	
› Investment management fee	1.55% p.a. of the Model Portfolio value
› Performance Fee	10.5% of outperformance of the Model Portfolio value (not relative to benchmark performance)
Performance Fee Period	Monthly
Indirect Costs*	Nil
Transaction and Operational Costs	Estimated at 0.21% p.a.
Minimum investment amount	\$25,000
Standard Risk Measure	4- High

⁷ The Investment return objective is not a forecast and returns are not guaranteed.

⁸ The Target asset allocation for a Model Portfolio should only be used as a guide. The Model Manager aims to maintain the Model Portfolio within the Target asset allocation ranges, however, the actual asset allocation may vary from the Target asset allocation range.

⁹ All fees are disclosed inclusive of GST and net of any RITC at the prescribed rate (depending on the nature of the fee or expense). Refer to page 26, Additional Explanation of Fees and Costs of Book 1 of this PDS for any additional management costs and transactional and operating costs associated with this Model Portfolio.

RIVKIN US VALUE PORTFOLIO

Model Manager	Rivkin Securities Pty Limited
Investment strategy	A concentrated long only US equity portfolio focused on investing in US large capitalisation securities. The portfolio seeks stocks with high quality earnings that may outperform the benchmark.
Minimum suggested timeframe	5 years
Suitable for	Investors with an objective to invest in companies with strong fundamentals to obtain risk adjusted returns relative to the benchmark over the medium-to-long term.
Investment return objective¹⁰	To seek to invest in companies with high quality earnings and to provide superior risk adjusted returns relative to the benchmark over the medium-to long term with the aim of creating capital growth in the value of your investment.
Benchmark	S&P 500 Accumulation Index
Authorised investments	US listed securities and cash
Number of securities	0-10
Target asset allocation¹¹	US shares 0-99 % Cash 1 – 100%
Management Costs¹² comprising	
› Investment management fee	1.55% p.a of the Model Portfolio value
› Performance Fee	10.5% of outperformance of the Model Portfolio value (not relative to benchmark performance)
Performance Fee Period	Monthly
Indirect Costs	Nil
Transaction and Operational Costs	Estimated at 0.48% p.a.
Minimum investment amount	\$25,000
Currency	AUD, Unhedged
Standard Risk Measure	3- Medium to High

¹⁰ The Investment return objective is not a forecast and returns are not guaranteed

¹¹ The Target asset allocation range for a Model Portfolio should only be used as a guide. The Model Manager aims to maintain a Model Portfolio within the Target asset allocation range, however, the actual asset allocation may vary from the Target asset allocation.

¹² All fees are disclosed inclusive of GST and net of any RITC at the prescribed rate (depending on the nature of the fee or expense). Refer to page 26, Additional Explanation of Fees and Costs of Book 1 of this PDS for any additional management costs and transactional and operating costs associated with this Model Portfolio.

RIVKIN US MOMENTUM PORTFOLIO

Model Manager	Rivkin Securities Pty Limited
Investment strategy	A concentrated long only US equity portfolio focused on investing in US large capitalisation securities. The portfolio seeks high momentum stocks that may continue to outperform the benchmark.
Minimum suggested timeframe	5 years
Suitable for	Investors with an objective to invest in high momentum companies to obtain risk adjusted returns relative to the benchmark over the medium-to-long term.
Investment return objective¹³	To seek to invest in companies with a strong technical share price trend and to provide superior risk adjusted returns relative to the benchmark over the medium-to long term with the aim of creating capital growth in the value of your investment.
Benchmark	S&P 500 Accumulation Index
Authorised investments	US listed securities and cash
Number of securities	0-10
Target asset allocation¹⁴	US shares 0-99 % Cash 1 – 100%
Management Costs¹⁵ comprising	
› Investment management fee	1.55% p.a. of the Model Portfolio value
› Performance Fee	10.5% of outperformance of the Model Portfolio value (not relative to benchmark performance)
Performance Fee Period	Monthly
Indirect Costs	Nil
Transaction and Operational Costs	Estimated at 0.5% p.a.
Minimum investment amount	\$25,000
Currency	AUD, Unhedged
Standard Risk Measure	2- Medium

¹³ The Investment return objective is not a forecast and returns are not guaranteed.

¹⁴ The Target asset allocation range for a Model Portfolio should only be used as a guide. The Model Portfolio aims to maintain a Model Portfolio within Target asset allocation range, however, the actual asset allocation may vary from the Target asset allocation.

¹⁵ All fees are disclosed inclusive of GST and net of any RITC at the prescribed rate (depending on the nature of the fee or expense). Refer to page 26, Additional Explanation of Fees and Costs of Book 1 of this PDS for any additional management costs and transactional and operating costs associated with this Model Portfolio.

RIVKIN LOW VOLATILITY PORTFOLIO

Model Manager	Rivkin Securities Pty Limited
Investment strategy	A concentrated long only portfolio of Australian and US listed exchange traded funds (ETFs) that gives exposure to a broad range of major investment asset classes including equities, bonds, gold and cash.
Minimum suggested timeframe	5 years
Suitable for	Investors with an objective to gain broad exposure to multiple asset classes in an effort to obtain risk adjusted returns above the benchmark over the medium to long term.
Investment return objective¹⁶	To seek returns of the RBA cash rate +4% while producing significantly lower volatility than the broader equity market
Benchmark	RBA Cash Rate + 4%
Authorised investments	ASX and US listed securities and cash
Number of securities	0-10
Target asset allocation¹⁷	Domestic and US shares 0-99 % Cash 1 – 100%
Management Costs¹⁸ comprising	
› Investment management fee	1% p.a. of the Model Portfolio value
› Performance Fee	5% of outperformance of the Model Portfolio value (not relative to benchmark performance)
Performance Fee Period	Monthly
Indirect Costs	0.205%
Transaction and Operational Costs	Estimated at 0.165% p.a.
Minimum investment amount	\$25,000
Standard Risk Measure	Low

¹⁶The Investment return objective is not a forecast and returns are not guaranteed.

¹⁷ The Target asset allocation range for a Model Portfolio should only be used as a guide. The Model Managers aim to maintain a Model Portfolio within target asset allocation range, however, the actual asset allocation may vary from the target investment allocation.

¹⁸ All fees are disclosed inclusive of GST and net of any RITC at the prescribed rate (depending on the nature of the fee or expense). Refer to page 26, Additional Explanation of Fees and Costs of Book 1 of this PDS for any additional management costs and transactional and operating costs associated with this Model Portfolio.

FURTHER INFORMATION ON FEES AND COSTS

The following table sets out the fees and costs of the Scheme that will apply FOR each Model Portfolio.

All figures disclosed inclusive of GST and net of any RITC at the prescribed rate (depending on the nature of the fee or expense).

As the Mainstream Separately Managed Account is newly established, the management fees, indirect costs, recoverable expenses and transactional and operational costs disclosed for each Model Portfolio reflects the Responsible Entity's reasonable estimate at the date of this PDS of those costs that will apply for the current financial year.

MODEL PORTFOLIO	MANAGEMENT FEE % PA	INDIRECT COSTS % PA	TRANSACTION AND OPERATIONAL COSTS % PA	PERFORMANCE FEE
Rivkin ASX Momentum Portfolio	1.55	Nil	0.69	Yes
Rivkin ASX Value Portfolio	1.55	Nil	0.69	Yes
Rivkin ASX Income Portfolio	1.55	Nil	0.21	Yes
Rivkin US Value Portfolio	1.55	Nil	0.48	Yes
Rivkin US Momentum Portfolio	1.55	Nil	0.50	Yes
Rivkin Low Volatility Portfolio	1.00	0.205	0.165	Yes

