



InnoQuantum  
Capital Management

# Individual Managed Account (IMA)

## Client Information Guide

3 May 2018

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# About InnoQuantum Capital Management

InnoQuantum Capital Management (IQCM) is part of Supwin Financial Services Group and focuses on providing transparent, systematic and objective wealth management services across the asset management industry. IQCM was established in Sydney and is licensed by ASIC to provide financial services including fund management services.

Our head office was founded in 2008 and employs a diverse global team of 110+ highly qualified professionals including Researchers, Data Scientists, Computer Engineers and Fund Management professionals. IQCM opened its first office in Sydney in 2016 and we are committed to providing integrated and comprehensive products and services for the Asset Management Industry in the Australian market. We are supported by teams in Hong Kong, New York, Seattle, Guangzhou and Chengdu.

We offer a number of IMA-based portfolios that provide a wide range of investment opportunities depending on your risk appetite.

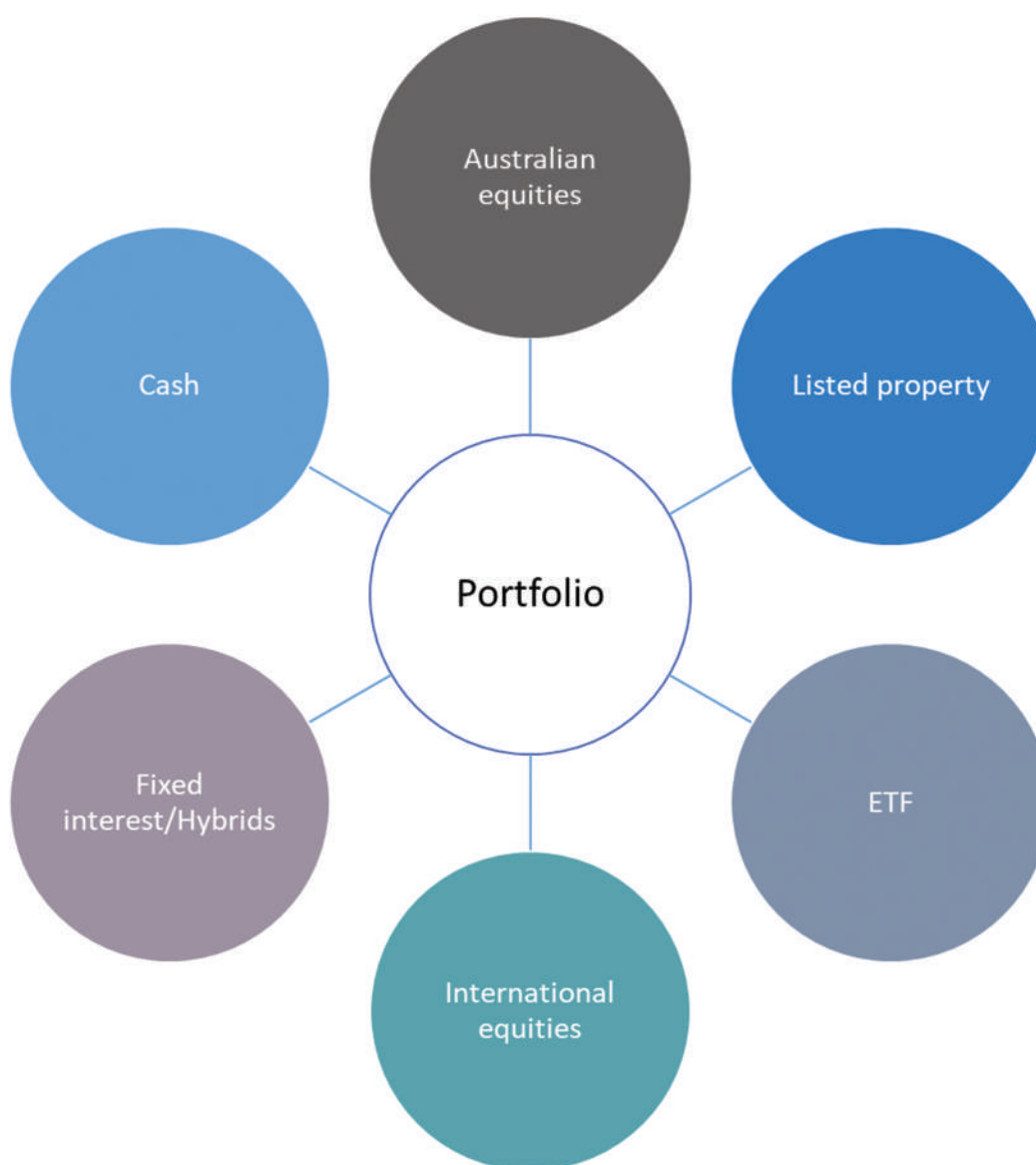
Our commitment is to deliver the highest quality of investment management to help you grow and maintain your investments in an efficient, transparent, systematic and outcome-focused manner.

In addition, we have developed Matrix, our proprietary investment management platform, after many years operating as a fund manager ourselves. A cloud-based investment management system, Matrix was built to support the full life cycle of investment management. It helps us and our clients explore, create, build, display, adjust and execute all investment decisions, all with complete transparency.

## 2 Our investment strategies

Our IMAs offer institutional, individual, wealth management and self-managed super funds transparent, flexible and tax-efficient private investment portfolios, giving you the ability to tailor your exposure to various asset classes, all at low cost.

IQCM provides portfolio management across the major asset classes, including:





There are a number of reasons why you should consider investing in one or more of our model portfolios, which offer a range of exposures depending on your risk return preferences.

## IQCM Australian Conservative Portfolio

### *Investment objective*

With an emphasis on income and minimal risk of capital loss, to provide returns in line with the Morningstar Multisector Moderate Index over rolling two-year periods by investing in a blend of Australian and International shares, Property, Infrastructure Assets, Bonds and Cash.

### *Designed for investors who...*

- Are seeking a portfolio diversified across a range of different asset classes;
- Are seeking relatively high levels of income with minimal risk of capital loss over the short-to-medium term; and
- Desire a portfolio where the asset allocation is actively managed based on changes in market valuations

### *Investment strategy and approach*

The portfolio will invest across a multitude of asset classes including Australian and International shares, Property, Infrastructure Assets, Bonds and Cash. This is because the manager believes diversification across asset classes will result in higher risk-adjusted returns over the long term.

The portfolio is benchmarked against the Morningstar Multisector Moderate Index but will vary its asset allocation based on the Manager's objective process that aims to determine the appropriate mix of asset classes that is likely to meet the portfolio's objective.

### *Benchmark*

The Morningstar Multisector Moderate Index

### *Asset allocation*

Australian & International shares – 25%  
Property & Infrastructure – 5%  
Bonds and cash – 70%

### *Risk*

Low to medium. Expected loss in 1-2 years out of every 20 years.

### *Fees*

Management fee: 0.50% per annum

### *Suggested investment timeframe*

2 years plus

### *Minimum investment*

A\$50,000

## IQCM Australian Balanced Portfolio

### *Investment objective*

Seeking a combination of income and moderate capital gains, to provide returns in line with the Morningstar Multisector Balanced Index over rolling three-year periods by investing in a blend of Australian and International shares, Property, Infrastructure Assets, Bonds and Cash.

### *Designed for investors who...*

- Are seeking a portfolio diversified across a range of different asset classes;
- Are seeking a combination of income and moderate capital gains and have a low to medium tolerance for risk and so are willing to accept a medium degree of volatility in order to achieve their long-term investment objective; and
- Desire a portfolio where the asset allocation is actively managed based on changes in market valuations

### *Investment strategy and approach*

The portfolio will invest across a multitude of asset classes including Australian and International shares, Property, Infrastructure Assets, Bonds and Cash. This is because the manager believes diversification across asset classes will result in higher risk-adjusted returns over the long term.

The portfolio is benchmarked against the Morningstar Multisector Balanced Index but will vary its asset allocation based on the Manager's objective process that aims to determine the appropriate mix of asset classes that is likely to meet the portfolio's objective.

### *Benchmark*

The Morningstar Multisector Balanced Index

### *Asset allocation*

Australian & International shares – 46%  
Property & Infrastructure – 5%  
Bonds and cash – 49%

### *Risk*

Medium. Expected loss in 2-3 years out of every 20 years.

### *Fees*

Management fee: 0.50% per annum

### *Suggested investment timeframe*

3+ years

### *Minimum investment*

A\$50,000

## IQCM Australian Growth Portfolio

### *Investment objective*

Seeking capital gains rather than current income, to provide returns in line with the Morningstar Multisector Growth Index over rolling five-year periods by investing in a blend of Australian and International shares, Property, Infrastructure Assets, Bonds and Cash.

### *Designed for investors who...*

- Are seeking a portfolio diversified across a range of different asset classes;
- Are seeking capital gains rather than current income and have a medium to high tolerance for risk and so are willing to accept a high degree of volatility in order to achieve their long-term investment objective; and
- Desire a portfolio where the asset allocation is actively managed based on changes in market valuations

### *Investment strategy and approach*

The portfolio will invest across a multitude of asset classes including Australian and International shares, Property, Infrastructure Assets, Bonds and Cash. This is because the manager believes diversification across asset classes will result in higher risk-adjusted returns over the long term.

The portfolio is benchmarked against the Morningstar Multisector Growth Index but will vary its asset allocation based on the Manager's objective process that aims to determine the appropriate mix of asset classes that is likely to meet the portfolio's objective.

### *Benchmark*

The Morningstar Multisector Growth Index

### *Asset allocation*

Australian & International shares – 61%  
Property & Infrastructure – 8%  
Bonds and cash – 31%

### *Risk*

High. Expected loss in 4 – 6 years out of every 20 years.

### *Fees*

Management fee: 0.50% per annum

### *Suggested investment timeframe*

5+ years

### *Minimum investment*

A\$50,000

## IQCM International Equities Portfolio

### *Investment objective*

To provide returns in line with the MSCI World (ex-Australia) Index (unhedged) over rolling seven-year periods by offering a high level of diversified exposure to international equities markets utilising ASX-listed ETFs. The portfolio is unhedged and so will have a high degree currency risk along with high market volatility.

### *Designed for investors who...*

- Are seeking low-cost exposure to international equities; and
- Are seeking a long-term return above inflation and can tolerate high currency and market volatility

### *Investment strategy and approach*

The investment objective will be met using a variety of ETFs which invest in different markets and thereby provide a high degree of diversification across international equities markets. This will likely lower risk and volatility while increasing the potential for earning capital gains over the long term.

The portfolio is benchmarked against the MSCI World (ex-Australia) Index, unhedged but will vary its asset allocation based on the Manager's objective process that aims to determine the appropriate mix of ASX-listed ETFs that is likely to meet the portfolio's objective.

### *Benchmark*

MSCI World (ex-Australia) Index, unhedged (net return after withholding tax)

### *Asset allocation*

International shares – 95-100%  
Cash – 0-5%

### *Risk*

Very high. Expected loss in 6 or more years out of every 20 years.

### *Fees*

Management fee: 0.50% per annum

### *Suggested investment timeframe*

7+ years

### *Minimum investment*

A\$50,000

Research shows that Australians are far too over-weight in Australian assets such as Australian shares and real estate and we have created these portfolios to enable you to achieve diversification amongst multiple asset classes at low cost.

Maintaining the right mix of assets within your portfolio is vital for ensuring you get the best return for the risks you are willing to take. Diversification over multiple asset classes can also help you smooth out returns and reduce short term risk by minimising the impact that the performance of any one asset class will have on the overall performance of the portfolio.

Our ETF-based portfolios also give you the opportunity to choose more conservative or aggressive options depending on your risk preference and time horizon.

We also offer a number of actively-managed equities portfolios that invest in ASX-listed shares.

## IQCM Australian Smaller Companies Portfolio

### *Investment objective*

Seeking capital gains, to provide investors with a return in excess of the S&P/ASX Small Ordinaries Accumulation Index over rolling five-year periods by investing in a concentrated portfolio of ASX-listed small and micro-cap companies. The portfolio will have a high degree of market volatility.

### *Designed for investors who...*

- Are seeking to diversify their Australian equity exposure;

- Are seeking active management of Australian small and micro-cap equities in a concentrated portfolio; and
- Are seeking capital growth and can tolerate a high degree of market volatility

### *Investment strategy and approach*

The investment objective will be met by investing in a concentrated portfolio of small and micro-cap ASX listed companies, holding up to 35 stocks. With any one stock limited to 15% of the portfolio and diversified by industry, this will likely lower risk and volatility while increasing the potential for earning capital gains over the long term.

### *Benchmark*

S&P/ASX Small Ordinaries Accumulation Index

### *Asset allocation*

Australian shares – 50-100%

Cash – 0-50%

### *Risk*

High. Expected loss in 4 – 6 years out of every 20 years.

### *Fees*

Management fee: 1% per annum

Performance fee: 20% of gains above the benchmark, subject to a highwater mark

### *Suggested investment timeframe*

5+ years

### *Minimum investment*

A\$50,000

## IQCM Australian Equity Income Portfolio

### *Investment objective*

With a bias towards sustainable income but also seeking capital gains, to provide investors with a return in excess of the S&P/ASX 200

Accumulation Index over rolling five-year periods through investing in a concentrated portfolio of ASX-listed companies. The portfolio will have a bias towards higher than current average dividend yield (franked to the greatest extent possible) and likely have a medium to high degree of market volatility.

### *Designed for investors who...*

- Are seeking to diversify their Australian equity exposure;
- Are seeking active management of Australian equities in a concentrated portfolio; and
- Are seeking sustainable yield and can tolerate a medium to high degree of market volatility

### *Investment strategy and approach*

The investment objective will be met by investing in a concentrated portfolio of ASX listed companies, holding up to 30 stocks, with a bias towards stocks with higher than current dividend yields (franked to the greatest extent possible). With any one stock limited to 15% of the portfolio and diversified by industry, this will likely lower risk and volatility while increasing the potential for sustainable income and also capital gains over the long term.

### *Benchmark*

S&P/ASX 200 Accumulation Index

### *Asset allocation*

Australian shares – 50-100%

Cash – 0-50%

### *Risk*

High. Expected loss in 4 – 6 years out of every 20 years.

### *Fees*

Management fee: 1% per annum

Performance fee: 20% of gains above the benchmark, subject to a highwater mark

### *Suggested investment timeframe*

5+ years

### *Minimum investment*

A\$50,000

# 3

## What is an IMA?

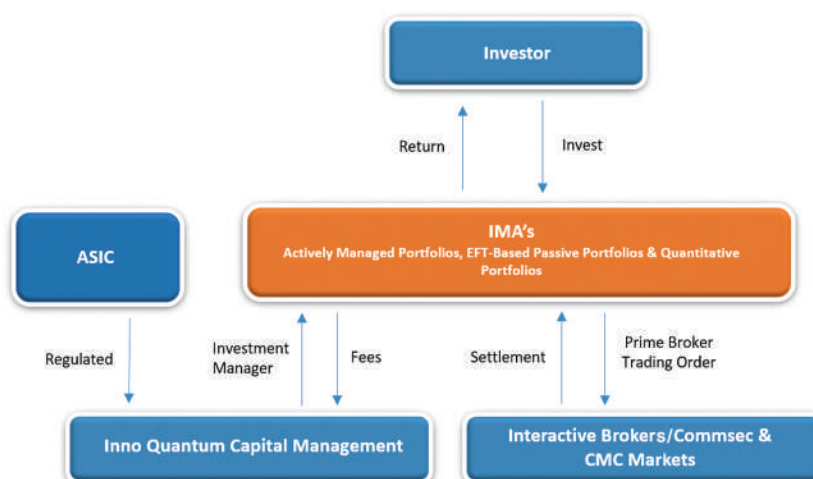
An Individually Managed Account or IMA is a portfolio that can invest in a variety of asset classes including Equities, Income Securities, Listed Property Trusts (or A-REITs), Managed Funds and Exchange Traded Funds (ETFs). Depending on market conditions, the IMA may have a material cash balance too. The IMA is managed for you and designed to achieve your investment objectives.

Even though the overall investment approach is the same and based on IQCM's proven strategies, each IMA can be tailored based on the risk preferences and growth and/or income objectives of the investor.

## IMA Investment Structure

Below is the typical structure for an IQCM IMA:

- 1 **Investor**  
- Remains beneficial owner
- 2 **IQCM Investment Manager**
- 3 **Manager Supervision**  
- ASIC regulated  
- One of the most regulated financial markets in the world
- 4 **Prime Brokers**  
Interactive Brokers/Commsec & CMC Markets
- 5 **InnoQuantum Capital Management IMA's**  
**Actively Managed Portfolios:** IQCM Australian Smaller Companies  
IQCM Australian Equities Income  
  
**Passively Managed, ETF-based Portfolios:** IQCM Australian Conservative Portfolio, IQCM Australian Balanced Portfolio, IQCM Australian Growth Portfolio, IQCM International Equities Portfolio



As you see below, IMAs have many advantages over other investment vehicles such as Managed Funds, Separately Managed Accounts and Listed Investment Companies:



### Comparison of IMAs to other investment vehicles:

	Individually Managed Account (IMA)	Managed Fund	Listed Investment Company (LIC)	Separately Managed Account (SMA)	Exchange Traded Fund (ETF)
Tax Efficiency	Excellent	Poor	Moderate	Very Good	Good
Embedded Tax Liabilities	No	Usually	Usually	No	Sometimes
Transparency	Excellent	Poor Moderate	Moderate	Excellent	Good
Ability to view underlying holdings	Yes	No	No	Yes	No
Direct ownership of assets	Yes	No	No	Yes	No
Portfolio Construction	Discretion of manager	Discretion of manager	Discretion of manager	Model Portfolio	Discretion of manager
Tailored Management	Yes	No	No	No	No
Minimises portfolio rebalancing	Yes	No	No	No	No
In specie transfers	Yes	No	No	Yes	No
Exclude stocks from portfolio	Yes	No	No	Yes	No
Corporate actions administered	Yes	Yes	Yes	Yes	Yes
Tax reporting	Yes	Yes	Yes	Yes	Yes



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## Key Features and Benefits

### The significant benefits of investing in our IMAs include:

- *Constructing a unique account using our blending facility*

We offer a number of model portfolios and you can mix them in any proportion that you choose. Your individual blend of model portfolios will result in a single account that you have tailored to your needs.

- *Changing models in a tax-advantaged manner*

If you change your blend of model portfolios which your nominated representative can do at any time) we update your account based on the new model weightings and then trade investments so that your account matches your new combination of model portfolios. This means that we don't unnecessarily sell down investments from your account to adjust it to the new combination of model portfolios.

- *View your underlying investments at any time*

You own a portfolio of investments, not a unit in a trust or shares in a listed investment company. You can log into the investor website at any time to view the individual investments that make up your account.

- *Move investments into or out of your account at any time*

Contributions and withdrawals can be in cash or in kind (in specie) – all CHESS-eligible listed Australian securities and a selection of other investments are accepted. Moving investments into or out of the IMA does not result in a realisation for capital gains tax purposes.

Once you have selected your blend of model portfolio(s) we will sell those investments not required and invest the proceeds as per your selection.

- *Keep your trading costs down with our netting policy*

Trading within the IMA is conducted at a pooled level. This means that each day we assess the net trading requirements of our portfolio of IMAs and trade investments on this basis.

- *Retain the key benefits of managed funds*

Our Model Portfolios (i.e. investment strategies) are all professionally constructed and managed by our Manager and provide investors with access to professional investment managers and wholesale rates of brokerage not available individually.

- *You don't inherit other investors' capital gains*

Unlike most other managed investment schemes, your tax position as a result of investing in the IMA is affected only by the activity within your own account. You do not buy into gains which have built up from other investors' earlier investments, nor do you realise gains as a result of other investors' decisions to withdraw from their SIMAs.

- *You can easily arrange for regular additional investments*

It is easy to arrange to make a regular additional contribution into your account. Full details are set out under "How the IMA works".

- *You can easily arrange for regular withdrawals*

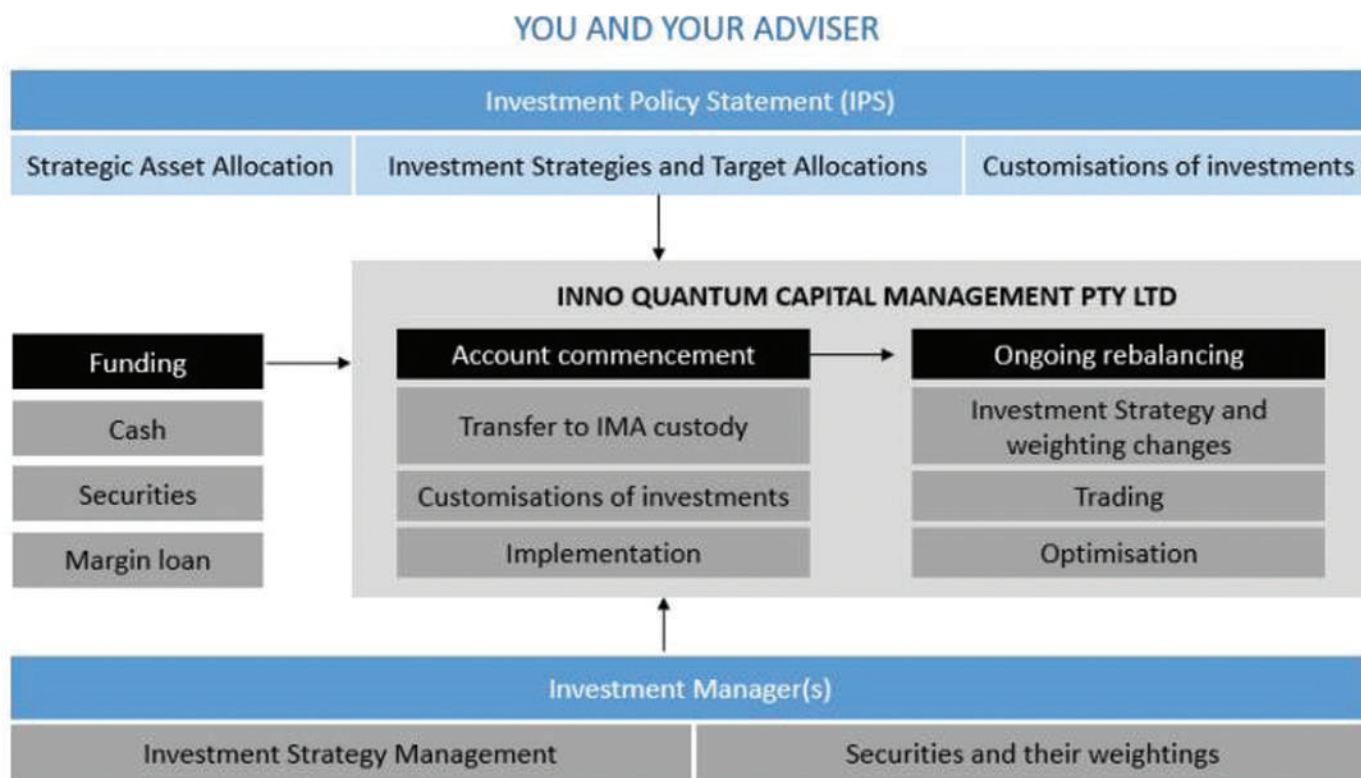
It is easy to arrange to make a regular withdrawal from your account. Full details are set out under "How the IMA works".

# 5

## How the IMA works

### There are four key elements to establishing and managing your IMA

1. Your Investment Policy Statement (IPS) records your Model Portfolio, Target Allocations to selected Investment Strategies and customisations of your investments.
2. The funding of your Account with cash, an existing portfolio of Securities or a margin loan.
3. The commencement of your Account.
4. Ongoing optimisation and rebalancing to keep your Account tracking to your IPS for your selected Investment Strategies.



### *Investment Policy Statement (IPS)*

The purpose of the IPS is to document investment objectives, goals and guidelines in managing your Account. There are three parts:

- Model Portfolio
- Investment Strategies and their Target Allocations
- Customisations of investments.

### *Model Portfolio Selection*

The model portfolios you nominate forms part of your IPS and should reflect your investment objectives, risk profile and time horizon. Your Model Portfolio selection should be reviewed on a periodic basis by you or with your adviser to ensure it remains aligned with your long-term investment objectives. Any changes to your selection need to be made in writing and will be made effective once we agree to the change.

We will aim to manage your Account to the model portfolio you specify, generally achieving this within 14 days from the date your Account is fully funded. If you are funding your Account by transferring Securities, we will aim to manage your Account to the model portfolio you specify as soon as reasonably practical.

There is a +/- 10 per cent range on your Strategic Asset Allocation in the Model portfolios you choose before rebalancing is required under the Agreement, but we will generally rebalance your Account towards your Strategic Asset Allocation targeted by your model portfolio even if these ranges have not been exceeded.

### *Investment Strategies*

Each Investment Strategy has its own investment objective and approach. A summary of the Investment Strategies is provided in the earlier section of this document. We can also provide you with more detailed information on the Investment Strategies.

The Investment Strategy summaries give you information on matters such as objective, who should invest and the targeted return. You should agree your selected Investment before application forms are completed.

The available Investment Strategies and their characteristics may change from time to time. All amendments will be made transparent to you. Please note, however, that the Manager retains the right to vary an Investment Strategy at any time without reference to you.

If an Investment Strategy is terminated by the Manager, you will be notified and asked for instructions. You will need to write to inform us the new model portfolio you choose. If we do not receive a signed Change of Investment Policy Statement form from you after 60 days, you will be taken to have provided an instruction to switch to an alternative Investment Strategy. If an alternative Investment Strategy has not been nominated for the terminated Investment Strategy, then unless you provide us with instructions to the contrary, you will be taken to have provided an instruction to sell your investments in that Investment Strategy and transfer the net cash proceeds of the sales to the cash holding in your Account.

If this should happen, we will send you an updated IPS showing your amended Model Portfolio. Please note that Security sales will generally be a capital gains tax (CGT) event which may give rise to gains which are assessable to you.

### *Customising your Account*

To enable the construction and ongoing management of your Account to fit your individual circumstances you can create customisations on what Securities can be purchased or sold.

*You can apply the following customisations:*

- *Do Not Hold* – we will not hold the designated Security. Any designated Security present in your Account or later transferred in will be immediately sold
- *Do Not Sell* – we will not sell the designated Security and may buy more of it. If included in any of your selected Investment Strategies, the Security will be included in the optimisation of your Account
- *Do Not Buy* – we will not buy the designated Security and may sell some or all of it. If the Security is included in any of your selected Investment Strategies, the Security will be included in the optimisation of your Account
- *No Trading* – equivalent to applying both a Do Not Buy and Do Not Sell. We will hold the exact number of shares of the designated Security present in your Account. Depending on the customisation selected, you can generally apply customisations to:
  - Securities
  - industry sectors
  - special indices.

It is important to understand that in customising your investment in the IMA there may be an impact on your Account's performance as it compares to the performance of the Investment Strategies because your Account will not be aligned as closely to the Investment Strategies.

Where you have elected to restrict a Security or industry, this may not be able to be achieved within the Securities held within your Account.

### *Implementation manager of your Account*

IQCM is the implementation manager for your Account. We are advised of the Securities and their corresponding weights by the Managers for the relevant Investment Strategies you have selected as part of your IPS. Based on these inputs we aim to optimise your Account taking into consideration your tax status and customisations, seeking to both maximise implementation efficiency and improve investment returns.

### *Optimisation of your Account*

IQCM may appoint third party providers to perform services and may delegate any parts of the implementation and optimisation services at its discretion.

### *Ownership of assets held in your Account*

You are holding these assets in your own right in your Account.

### *How we invest your money*

#### *Account commencement and ongoing rebalancing*

We will aim to manage your Account to the Model Portfolio you specify, generally achieving this within 14 days from the date your Account is fully funded. If you are funding your Account by transferring Securities, we will aim to manage your Account to the Model Portfolio you specify as soon as reasonably practical.

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## Significant Risks

All investing involves risk. Different Investment Strategies carry different levels of risk depending on the underlying mix of assets that make up each Investment Strategy. Assets with the highest long term returns may also carry the highest level of short term risk.

The appropriate level of risk for you will vary depending on individual factors and risk tolerance levels. It is important to understand that:

- the value of your investment will go up and down
- investment returns will vary and future returns may be different from past returns, and
- returns are not guaranteed and there is always the chance that you may lose some or all of the money you invest in the IMA.

When you make an investment, you are accepting the risks of that investment. It is important to understand these risks before deciding to invest. The significant risks for the IMA are described below, but these risks are not exhaustive and there could be other risks that may adversely affect the IMA. You should seek your own professional advice on the appropriateness of this investment for your particular circumstances and financial objectives.

### Market risk

Market risk refers to changes in the prices of Securities in your Account that may result in loss of principal or large fluctuations in the valuation of your investment within short periods of time. Factors that drive changes in asset prices include:

- the changing profitability of companies and industries

- the liquidity of Securities, particularly for small capitalisation equities or small companies with limited volume of security issuances
- the changes in economic cycles and business confidence
- the country in which the market is located and its government and central bank policies, its economic or social developments, and instances of instability such as recession or armed conflict
- where there is an emerging market exposure, which is generally riskier than developed markets due to factors such as lower liquidity, the potential for political unrest, the increased likelihood of sovereign intervention (including default and currency intervention), currency volatility, and higher inflation.

### Strategy and model risk

Investment Managers use investment and risk analytical processes and models in their Investment Strategies. However these processes and models may not successfully select profitable investments, manage risk or perform in a manner to which they have historically performed or were intended to perform. This may have an adverse effect on the performance of your Account.

### Volatility risk

Volatility risk refers to the potential for the price of Securities in your Account to vary, sometimes markedly and over a short period of time. As an indicator of risk, the greater the volatility of returns the more likely it is that returns will differ from those expected over a given time period. Generally, the higher the potential return, the higher the risk and the greater the chance of



substantial fluctuations in returns over a short period of time. In particular, investments in equity securities are traditionally towards the higher end of the risk return spectrum. This may lead to fluctuations in the value of your Account, including fluctuation over the period between a withdrawal request being made and the time of payment. Markets are volatile and indeed volatility in some markets can often be very high.

#### *Security specific and concentration risk*

Each investment in a company's securities is subject to the risk of that particular company's performance due to factors that are pertinent to that company, the sector of the market to which the company belongs, or the equity market generally. This risk also includes changes in credit ratings from rating agencies.

The fewer the number of holdings in your Account, the higher the concentration risk. The more concentrated your Account is, the greater the risk that poor performance in a group of Securities may significantly affect the performance of your Account.

#### *Currency risk*

Currency risk is the risk that fluctuations in exchange rates between the Australian dollar and foreign currencies may cause the value of international Securities to decline significantly. If your Account includes exposure to international assets, they may not be hedged back to Australian dollars and therefore your Account may be exposed to currency risk.

#### *Investment manager risk*

Investment Manager risk refers to the risk that the Manager and/or the Manager's Investment Strategy will not achieve its performance objectives or not produce returns that compare favourably against its peers. Additionally, there is the risk that the Investment Strategy may not

prove to be effective. Although IQCM will monitor the performance of the Manager(s), there are many factors that can negatively impact the Manager's ability to generate acceptable returns from its Security selection process, including the loss of key staff.

#### *Implementation and optimisation risk*

There is a risk that the performance of your Account will differ from that of the Investment Strategies. This occurs due to factors such as, but not limited to, differences in the buy and sell prices of Securities compared to the Investment Strategies, optimisation and implementation outcomes, fees, movements of cash and Securities into and out of your Account, slight differences in weights of holdings due to the requirement for a minimum cash holding of two per cent and use of a minimum transaction size, IQCM imposed trading restrictions and external factors, for example if trading in a particular Security is subject to liquidity constraints or has been restricted or suspended in the market.

#### *Third party risk*

IQCM may delegate some of the services it provides for your Account to third parties. Although IQCM will undertake due diligence and monitor the performance of the third party, there is a risk of adverse impact from a third party service provider.

#### *Customisation risk*

There is a risk that account customisation will impact the performance of your Account and may result in negative returns and/or underperformance of your Account relative to your nominated Investment Strategy. Customisation could be explicit, that is customisations included in your Investment Policy Statement, or implicit, such as outcomes resulting from the management of your Account to suit your particular tax circumstances.

### *Counterparty and credit risk*

Counterparty risk is the risk of loss due to a counterparty not honouring a commitment which may cause the value of your Account to fall. Counterparties include custodians, brokers and settlement houses. Credit risk is the risk that for cash and interest rate Securities, income and/or your capital investment will not be repaid due to the financial position of the financial institution or issuer of that investment.

### *Liquidity risk*

Securities may be difficult to purchase or sell, preventing us from closing out the position or rebalancing within a timely period and at a fair price. As a result withdrawal requests may not be able to be fully met when they are received. Liquidity risk may potentially be amplified where an account invests in listed interest rate securities and certain listed and unlisted Managed Funds due to the illiquid nature of these assets.

### *Interest rate risk*

Movements in domestic and international interest rates may cause the value of your Account to decline.

### *Country risk*

The risk that political, economic or social developments may adversely affect the return on an investment in that country. Examples include political instability, recession and war. Exposure to country risk may be higher in relation to Securities in emerging markets or developing countries.

### *Change of law and other statutory and trading restrictions*

Changes in laws or their interpretations including, but not limited to, taxation and corporate regulatory laws, practice and policy could have a negative impact on the returns of investors. In certain circumstances, statutory or internal IQCM- imposed restrictions may preclude the acquisition or disposal of Securities in the IMA. Without limitation, this includes where the acquisition would cause the IQCM's aggregated holdings in a company (including holdings that the IQCM is required to aggregate) to exceed the applicable takeover Threshold. In addition, where, due to such restrictions, there is limited capacity to acquire particular Securities, the IMA will not have priority over any member of, or any other fund associated with, the IQCM to acquire those Securities. Such restrictions may result in an adverse effect on the value of the Securities in your Account due to your Account being unable to enter into positions or exit positions as and when desired.

*Please note that the risks noted above do not take into account your personal circumstances and goals. It is up to you to determine whether one or more of our investment strategies are appropriate for you and, if in doubt, we recommend you consult your financial adviser.*



## General Information

### *7.1 Provision of your Tax File Number (TFN)*

Our collection of your TFN is authorised, and its use and disclosure strictly regulated, by tax laws and the Privacy Act 1998 (Cth). You do not have to provide us with your TFN, and declining to do so is not an offence. If you do not quote your TFN (including both TFNs for joint accounts) or ABN, or claim an exemption, tax may be withheld from any dividends, distributions, interest and other income payments at the highest marginal tax rate plus the Medicare levy or any other applicable government levies before it is paid to you. You may quote your entity's ABN as an alternative to its TFN if you are making this investment for purposes related to that entity's business. An Australian Company Number (ACN) cannot be quoted in lieu of a TFN/ABN. If only an ACN is provided, we will deduct withholding tax at the highest marginal rate plus Medicare levy and any other applicable government levies. For more information about the use of TFNs, please contact the Australian Tax Office.

### *7.2 Goods and Services Tax (GST)*

IQCM will apply GST to all applicable fees charged in respect of your Account where you are in Australia, when the service is provided. The residential address you provide will be used to determine whether you are in Australia at the time the service is provided, unless you provide otherwise, and we agree to it.

### *7.3 Non-residents for Australian tax purposes*

If you are not an Australian resident for tax purposes, non-resident withholding tax may be withheld from applicable Australian sourced taxable income.

### *7.4 Investments that derive income that is taxable outside of Australia*

Some investments may pay tax in an overseas jurisdiction. Tax may be withheld in the foreign jurisdiction when the income is paid, at the rate applicable to the relevant foreign jurisdiction. Please note, IQCM is generally not in a position to apply for a reduction in withholding tax rates that may be available under a double tax agreement (DTA) for these investments. We recommend you seek your own independent tax advice to determine your entitlement (or otherwise) to a foreign income tax offset (FITO) in respect of any foreign tax withheld.

### *7.5 Foreign tax residency information*

Foreign Account Tax Compliance Act (FATCA) is United States (US) tax legislation that assists the US Internal Revenue Service (IRS) to identify and collect tax from US tax residents that invest in certain financial products through non-US entities. Similarly, Common Reporting Standards (CRS) is the standard set by the Organisation for Economic Co-operation and Development (OECD) for the exchange of information with revenue authorities for foreign tax residents that invest in certain financial products. FATCA and CRS cover both the identification of foreign tax residents and reporting on applicable financial accounts. If you're a US or foreign resident for tax purposes, you should note that IQCM is a 'Foreign Financial Institution' under FATCA and CRS. We comply with our FATCA and CRS obligations, as determined by either FATCA regulations, the OECD or any inter-governmental agreement (IGA) entered into by Australia for the purposes of implementing FATCA and CRS and any Australian laws and regulations relating to the IGA.



In order for IQCM to comply with its obligations, we'll request that you provide certain information about yourself, including your country (or countries) of tax residence and your Taxpayer Identification Number (if applicable). We may also disclose this information to the ATO, IRS and other revenue authorities for certain clients.

### **7.6 What if I have a question?**

*You are welcome to contact us. You can do this by:*

- contacting your adviser
- phoning our Client Service team on +61 2 8098 0316
- emailing us at [info@iqcm.com.au](mailto:info@iqcm.com.au), or
- writing to us at the address appearing at the back of the Agreement and Application Booklet.

### **7.7 What if I have a complaint?**

We have procedures in place to properly consider and deal with any enquiries and complaints. If you have a complaint, please contact:

1. *your adviser*
2. *if you are not satisfied with the result, you can write to us.*

Send your letter to:

The Complaints Manager

IQCM

Unit 7 Level 41, 225 George Street, Sydney,  
NSW 2000

We will assess your complaint and advise you of the outcome, either by telephone or in writing. On the occasion that our clients are not satisfied with our handling of their matter, they have the option to contact an external dispute resolution scheme. If your complaint relates to your investment in the IMA, and you are not satisfied with our response after 45 days, you may lodge a dispute with the Financial Ombudsman Service (FOS). IQCM is a member of FOS, an independent external dispute resolution scheme.

**You can contact FOS via the following,  
quoting membership  
number 37692**

**Financial Ombudsman Service**

**GPO Box 3**

**Melbourne VIC 3001**

**Email: [info@fos.org.au](mailto:info@fos.org.au)**

**Tel: 1800 367 287**

**Fax: (03) 9613 6399**

**Website: [fos.org.au](http://fos.org.au)**



## IMA Agreement and Application Booklet

This document has been prepared by InnoQuantum Capital Management (IQCM) ABN 91 610 098 265 AFSL No. 486229. This document contains general advice and does not take into account your objectives, financial situation or needs. Before acting on this general advice you should consider whether it is appropriate to your situation.

We recommend that you obtain financial, legal and taxation advice before making any financial investment decision.

The Individually Managed Account (IMA) referred to in this Agreement and Application booklet is offered by IQCM (referred to in this document as, 'we', 'our', 'us').

Investments in the IMA, other than cash on deposit are not deposits or liabilities of IQCM or any member of the IQCM and are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither IQCM nor any other member company of the IQCM guarantees the performance of the IMA or the repayment of capital from the IMA or any particular rate of return.

Information in this document is current as at the issue date, but may change from time to time. We may change any information in this document with, in the case of certain material changes, 30 days' notice to investors. Information that is not materially adverse may be subject to change from time to time and we may provide updated information on the Client Portal. A digital copy of updated information is available free on request.



## How to complete an application

Each investor should ensure that participating in the IMA is suitable for them, is permitted under applicable law and does not contravene any documents binding on them. Prior to completing the application form, you should read the information guide in its entirety. The application form will guide you through the questions that are applicable to you. Please note that for some investor types we require additional documentation. The Investor types and application requirements table that follows will advise you of any additional requirements.

When you complete the application form, please:

- *use a black pen*
- *write in capital letters*
- *answer all mandatory sections*
- *provide additional documentation where required*
- *sign the declaration and signature section,*
- *send the original completed form to IQCM.*

If you make an error, please do not use correction fluid. Instead, please cross out your error and sign next to your amendments in full.

### 9.1 General guidelines

#### *Completed application forms*

Your completed application form and supporting documentation should be sent to: IQCM Unit 7 level 41, 225 George Street, Sydney, NSW 2000

#### *Residential and mailing addresses*

Please note that we are required to collect a residential address (or office address, where applicable) for the account holder(s).

If your mailing address is care of a third party such as your adviser, please be aware that all correspondence will be sent to this address, including passwords and access codes.

#### *Five or more applicants*

For applications with five or more applicants, please attach a separate completed application form(s) with additional applicant's details.

#### *Signing under Power of Attorney*

If you are signing under power of attorney, please provide identification (eg driver's licence) with an attached original certified copy of the power of attorney and specimen signature(s) of the attorney(s) if not displayed in the document.

#### *Who should sign the application form?*

Please refer to Investor types and application requirements table.

#### *What if not all sections are completed?*

We will endeavour to open your account as soon as possible. In some circumstances, where mandatory questions are not completed or additional documents required are not supplied, we will not be able to open your Account until such time this information is provided or completed.

#### *Foreign Account Tax Compliance Act (FATCA)*

Since the introduction of FATCA, we must obtain and disclose information about certain investors to the ATO or US Internal Revenue Service. Please refer to the section headed 7.5 Foreign tax residency information above.

Accordingly all applicants will be required to answer certain FATCA questions as part of their application. If you are being identified by your adviser as part of your application then your adviser will also need to complete the FATCA questions contained in the relevant FSC/ FPA Identification form for the type of account you are opening.

**Common Reporting Standards (CRS)** As a result of CRS we will have to obtain and disclose information about certain investors to the ATO, which may then be passed onto relevant foreign taxation authorities. Please refer to the section headed 7.5 Foreign tax residency information in the information guide for more information. Accordingly all applicants will be required to answer certain questions in relation to their tax residency as part of their application. If you are being identified by your adviser as part of your application then your adviser will also need to complete the CRS questions contained in the relevant FSC/FPA Identification form for the type of account you are opening.

## 9.2 Identification forms

The Investor types and application requirements table provides an overview of the identification forms required for the different entity types available to be opened via the IMA.

### *When do I need to provide an identification form?*

You must supply identification and/or supporting documentation unless you are an active IQCM account holder who has already supplied an identification form. This also applies to individuals who are authorised third party signatories on your Account.

### *Why do I need to provide identification?*

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and IQCM internal policy requires the collection and verification of specific information from clients.

### *Which identification do I need to provide?*

This will depend on the type of account you are opening and whether or not you are being identified through an authorised adviser.

### *Identification through an authorised adviser*

If you are being identified by your adviser, then your adviser will need to:

- complete the relevant Identification form for the type of account you are opening (see the Investor types and application requirements table for details of the form you will need to complete). All Identification forms are available from [www.iqcm.com.au](http://www.iqcm.com.au)
- verify certain identification documents, such as your passport or driver's licence. Each form has different requirements which are specified on the form
- send a copy of the completed form to us along with your application form.

**Please note:** You will need to supply original or certified copies of your proof of identification documents to the person who is verifying your identification. IQCM only requires the identification form. Please do not send IQCM copies of identification when verification of your information is being completed by an adviser.



*Can I be identified without an adviser?*

Yes. In the event that you are not able to be identified by your adviser, you may be able to be identified by a checking officer at a IQCM office or at Australia Post.

Further details on the required forms, supporting identification documentation, and process can be obtained by using the website [www.iqcm.com.au](http://www.iqcm.com.au) and following the links. Please note that you will need to supply original or certified copies of your proof of identification documents.

*What is a certified copy?*

A copy of the original documentation which has been signed as a true and correct copy by one of the authorised persons listed below. This cannot be faxed. The authorised person should also print their name and position and if possible affix an official stamp, and date.

Authorised persons may include:

- *an officer with, or authorised representative of, a holder of an AFSL, having 2 or more continuous years of service with one or more licensees*
- *finance company officer with 2 or more continuous years of service with one or more finance companies*
- *an officer with 2 or more continuous years of service with one or more financial institutions*
- *a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership*
- *an Australian police officer*
- *a chiropractor*
- *a dentist*
- *a Justice of the Peace*
- *a legal practitioner*
- *a medical practitioner*

- *a nurse*
- *an optometrist*
- *a patent attorney*
- *a pharmacist*
- *a physiotherapist*
- *a psychologist*
- *a trademarks attorney*
- *a veterinary surgeon*
- *a registered marriage celebrant, or*
- *a teacher.*

**Please note:** You can either visit our office with original identification documents or mail original certified copies of the identification documents.

*Offshore certification*

In the case of individuals and companies based offshore, it is acceptable to have the certification completed by the international equivalent of the above listed roles. However, where the applicant is based in a jurisdiction of high or extreme risk, additional information may be requested and verified to ensure it can be reasonably satisfied that an applicant is who they claim to be. This may include obtaining original certified copies of supporting identification documents from the certifier.

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## Investor types and application requirements

The table below lists the various types of applicants and any documentation required to support the application. Each signatory on the account must provide an *Individual/Sole Trader Identification form*.

### Foreign documentation

Where any document relied on as part of the procedure is in a language that is not English, it must be accompanied by an English translation prepared by an accredited translator.

Investor type	Whose name must the account be in?	Who signs?	Identification and additional documentation requirements <sup>1</sup>	✓
Individual Applicant	The individual	The individual	<i>Individuals &amp; Sole Identification form</i>	<input type="checkbox"/>
			If Attorney(s) – if you are signing under power of attorney, please also attach a certified copy of the power of attorney	<input type="checkbox"/>
Joint Applicants	Each individual investor	All investors	<i>Individual/Sole Identification form</i>	<input type="checkbox"/>
			If Attorney(s) – if you are signing under power of attorney, please also attach a certified copy of the power of attorney	<input type="checkbox"/>
Sole Trader	The individual and the business name	The sole trader	<i>Individuals &amp; Sole Identification form</i>	<input type="checkbox"/>
			Provide a certified copy of registration of business name	<input type="checkbox"/>
Investing for a child under 18 (minor)	The parent or guardian (in benefit for the minor)	The parent or guardian	<i>Individuals &amp; Sole Identification form</i>	<input type="checkbox"/>
			Certified copy of the minor's birth certificate	<input type="checkbox"/>
Deceased Estate	The executors of the estate (as trustees for the trust)	The executor	<i>Individuals &amp; Sole Identification form</i>	<input type="checkbox"/>
			Certified copy of the Grant of Probate or Letters of Administration	<input type="checkbox"/>
Incorporated Entities	The company	<ul style="list-style-type: none"> <li>One director (for a sole director company)</li> <li>OR</li> <li>Two officers (eg directors or a director and secretary)</li> <li>OR</li> <li>As required by the constitution/rules of the company</li> </ul>	<i>Individuals &amp; Sole Identification form</i>	<input type="checkbox"/>
			<i>Australian Company Identification form or Foreign Company Identification form</i>	<input type="checkbox"/>
Non Corporate Trusts (including superannuation funds)	The trustees of the trust	All trustees	<i>Individuals &amp; Sole Identification form</i>	<input type="checkbox"/>
			<i>Regulated Trust Identification form or Unregulated Trust Identification form</i>	<input type="checkbox"/>
			Certified copy/extract of the Trust Deed showing the trust name, trustee(s) name(s) of beneficiaries, name(s) of settlor, trustee(s) signatures with witness signatures and dates of execution	<input type="checkbox"/>
			Certified copies of any supplementary deeds to the trust deed (for example change of beneficiaries, additional settlor)	<input type="checkbox"/>

<sup>1</sup> Any reference to an Identification form is a reference to the relevant FSC/FPA Identification form.



## Investor types and application requirements

Investor type	Whose name must the account be in?	Who signs?	Identification and additional documentation requirements <sup>1</sup>	✓
Corporate Trusts (including superannuation funds)	The corporate trustee	<ul style="list-style-type: none"> <li>Two officers (eg directors or a director and secretary)</li> <li>OR</li> <li>As required by the constitution/rules of the company</li> <li>OR</li> <li>One director (for a sole director company)</li> </ul>	<i>Individuals &amp; Sole Identification</i> form	<input type="checkbox"/>
			<i>Regulated Trust Identification</i> form or <i>Unregulated Trust Identification</i> form	<input type="checkbox"/>
			Certified copy/extract of the Trust Deed showing the trust name, names of directors of corporate trustee and their signatures, with witness signatures and dates of execution	<input type="checkbox"/>
			Certified copies of any supplementary deeds to the trust deed (for example change of beneficiaries, additional settlor)	<input type="checkbox"/>
Partnerships & Partners	The principals of the partnership	The partners	<i>Individuals &amp; Sole Identification</i> form	<input type="checkbox"/>
			<i>Partnership Identification</i> form	<input type="checkbox"/>
			Certified copy/extract of the partnership agreement showing the names of the partners, signatories and dates of execution	<input type="checkbox"/>
			Certified copy of any updates to the Partnership (if applicable)	<input type="checkbox"/>
Associations (Incorporated or Unincorporated)	Incorporated Associations: <ul style="list-style-type: none"> <li>the name of the incorporated body</li> </ul> Unincorporated Associations: <ul style="list-style-type: none"> <li>officers on behalf of the unincorporated body</li> </ul>	Incorporated Associations: <ul style="list-style-type: none"> <li>applications must be completed under common seal and witnessed by two officers. All officers must specify their title</li> </ul> Unincorporated Associations: <ul style="list-style-type: none"> <li>appointed officers</li> </ul>	<i>Individuals &amp; Sole Identification</i> form	<input type="checkbox"/>
			<i>Associations Identification</i> form	<input type="checkbox"/>
			Copy of signed meeting minutes showing which officers can open and operate the account	<input type="checkbox"/>
Registered Co-operatives	The name of the registered co-operative	<ul style="list-style-type: none"> <li>Appointed officers</li> <li>All applications must be completed under common seal and witnessed by two officers. All officers must specify their title</li> </ul>	<i>Individuals &amp; Sole Identification</i> form	<input type="checkbox"/>
			<i>Co-operatives Identification</i> form	<input type="checkbox"/>
Government Body	The name of the government body	Appointed officers	<i>Individuals &amp; Sole Identification</i> form	<input type="checkbox"/>
			<i>Government Body Identification</i> form	<input type="checkbox"/>
			For foreign government bodies, information about beneficial ownership/control must also be provided	<input type="checkbox"/>

<sup>1</sup> Any reference to an Identification form is a reference to the relevant FSC/FPA Identification form.

If you have any further questions about the financial services we provide, please contact *[info@iqcm.com.au](mailto:info@iqcm.com.au)*.

Head office

Suite 7 Level 41, 225 George Street,  
Sydney NSW 2000 Australia

Telephone

02 8098 0316

Email

[info@iqcm.com.au](mailto:info@iqcm.com.au)

Website

[www.iqcm.com.au](http://www.iqcm.com.au)