



HARBOURSIDE  
CAPITAL

*Multi-Strategy  
Wholesale Investment*

March 2023

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## Disclaimer

This Investment Program (IP) has been prepared by HarbourSide Capital Pty Ltd (HSC) (ACN 166 765 537) being a Corporate Authorised Representative (AFSR 000 448 907) of HLK Group Pty Ltd (ACN 161 284 500) which holds an Australian Financial Services Licence (AFSL 435746).

This IP is an important document that should be read before making a decision to invest with HLK Group and HarbourSide Capital. This IP forms part of the MDA Contract. If you sign the MDA Contract, your portfolio under the MDA Contract will be established and managed in accordance with the MDA Contract, which incorporates this IP.

This document does not and is not intended to contain any recommendations or statements of opinion or advice. In any event, the information in this document does not consider any individual person's objectives, financial situation or particular needs. This IP is not a Product Disclosure Statement (PDS) for the purposes of Part 7.9 of the Corporations Act 2001.

Whilst every effort is taken to ensure the information in this document is accurate, its accuracy, reliability or completeness is not guaranteed. To the extent permitted by law, HSC accepts no liability and accepts no responsibility for any loss, liability, damage or expense which results from any act or omission of any person relying on the information provided in this document.

This document may contain external links of a mixture of results based on real and simulated or hypothetical performance that have certain limitations. Unlike the results shown in an actual performance record, such results do not represent actual trading. Also, because such trades have not actually been executed, these results may have under-or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity.

Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any investment will or is likely to achieve profits or losses similar to those being shown using simulated data.

Information in this document may change from time to time. A paper copy of the updated information will also be available upon request.

We may also be required to amend this document as a result of certain changes, in particular where the changes are materially adverse from the point of view of a reasonable person deciding to invest via the HLK Group and HarbourSide Capital MDA Service.

HLK cannot provide the HLK Group's MDA Service to you unless a valid application form has been completed by you and received by HSC and then provided to HLK Group.

All amounts in this IP are given in Australian dollars unless otherwise stated.

## The MDA structure

Managed Discretionary Accounts, or MDAs, are a more efficient and direct model of managing a clients' investments as compared to the traditional fund management structure.

The client's account is opened directly with a reputable executing broker partner. HSC has chosen to partner with Interactive Brokers Australia Pty Ltd (AFSL 245574) as our preferred executing brokers.

By entering into the MDA, the client is giving HLK Group and HarbourSide Capital permission to trade the account on their behalf and deduct fees associated with the MDA service. The trades will be directed by the underlying quantitative model of the respective MDA.

MDAs in Australia are regulated by the Australian Securities & Investments Commission (ASIC) and the provision of MDA services must meet certain conditions of the Corporations Act (2001), Regulatory Guide 179 and ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968. MDAs are managed by a Managed Discretionary Account Provider, which in this case is HLK Group, who holds, and operates under, an Australian Financial Service License (AFSL) to provide MDA services.

The Provider has appointed HSC as its corporate authorised representative to provide general advice to you and deal in MDA service.

## What is a Wholesale Client

Providing you meet the requirements of a Wholesale Investor under the Corporations Act 2001 you can invest in the HarbourSide Wholesale investment offering.

The requirements under the Corporations Act 2001 are as follows;

### Individuals

Gross income of AUD 250,000 p.a. over each of the last 2 years and or net assets of AUD 2,500,000.

### Trusts and Self Managed Super Funds(SMSFs)

The Trustees or Directors of the Trustee have gross income of AUD 250,000 p.a. over each of the last 2 years and or net assets of AUD 2,500,000 or the SMSF makes a single investment of at least AUD 500,000.

Investors will be required to provide an Accountants certificate, certifying they meet one of the above requirements.

## About HarbourSide

HarbourSide Capital is an Australian based investment company authorised to provide Managed Discretionary Account services to wholesale clients.

A Managed Account (MA) is an investment portfolio that is managed for a client by a professional manager who makes and actions investment decisions based on the client's chosen investment strategy.

Unlike managed fund investors, the portfolios of HarbourSide Capital's MA clients are not pooled with the money of other clients, they always remain separate and client portfolio assets are managed on an individual basis.

## About the Manager

### Nick Radge

Head of Research & Trading at The Chartist  
[www.thechartist.com.au](http://www.thechartist.com.au)

Nick is a professional trader, keynote speaker and author who has been trading and investing since 1985. During this time Nick has worked for international investment banks - from the trading floor of the Sydney Futures Exchange to International dealing desks in Sydney, London and Singapore.

Nick's expertise lies in trading system design and technical analysis with a particular focus on momentum investing and trend following strategies. He has mentored many hundreds of system traders, as well as being commissioned to build custom strategies for a variety of global institutions, including banks, financial planning organisations and prop desks.

Nick and Trish Radge now run The Chartist – a bespoke membership-based service providing stock market strategies for self-managed investors. Outside of work Nick enjoys fishing and travelling. He resides in beautiful Noosa Heads, Queensland, Australia, and can often be found tinkering on his boat.

## The Multi-Strategy Wholesale Investment

The Multi-Strategy Program is a high conviction, high performance managed account designed to provide clients with outsized returns.

The strategy is a genuine active strategy that is founded on a consistent, disciplined, and proven investment approach. It uses a top-down quantitative approach to selectively invest in high growth stocks on the Australian and US markets.

While being a long-only approach, the strategy has the mandate to revert to a 100% cash position during sustained downward environments. This mechanism controls downside exposure that in turn attempts to increase the long-term risk adjusted return profile

### Investment Summary

Objective	High Growth
Benchmrk	Russell-1000
Markets traded	ASX and US
Cash limit	0 – 100%
Recommended investment period	Long term (minimum 7 years)
Minimum investment	A\$ 250,000
Management fee	1.5% of portfolio value
Performance fee	20% of any amount above the Benchmark with high water mark

### How It Works

The Multi-Strategy Program relies on dual momentum on two-time frames and in two separate equity markets. It looks to identify the strongest stocks in each market on a relative strength basis while also making sure that there is positive market momentum.

The use of this dual momentum approach across markets and timeframes generates a very robust overall approach. It is an actively managed strategy, highly sensitive to overall market conditions often moving quickly between a 100% cash and 100% invested position.

A risk-averse approach is still maintained by turning to cash in weaker markets.

Being a fully quantitative approach, there is no discretionary input from the investment manager.

The significant benefits of investing in the program are:

- access to a portfolio that aims to deliver high growth returns over the medium to long term
- full defensive stance during sustained bear markets
- individually managed account for full transparency
- supported by extensive academic literature and empirical data
- investing alongside highly experienced professionals who undertake comprehensive ongoing research

For more information visit this website:

[Share Trading Strategies & Technical Analysis](#)

### Strategy Fact Sheet

Visit this website:

[HarbourSide Capital Pty. Ltd., Harbourside Multi Strategy Wholesale Investment - Plus \(fundpeak.com\)](#)

## Fees and Other Costs

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

The information in the following table is required by law and is designed to help you better understand the fees and costs associated with the Managed Accounts and the Strategies.

This table shows fees and other costs that you may be charged. These fees will be deducted from your Managed Account. You should read all of the information about fees and costs, as it is important to understand their impact upon your investment.

Type of Fee or Cost	The Multi-Strategy Wholesale Investment	Wholesale Ultra Concentrated
Fees when your money moves in or out of your Managed Account		
Establishment Fee: <i>The fee to open your investment.</i>		Nil
Contribution Fee: <i>The fee on each amount contributed to your investment.</i>		Nil
Withdrawal Fee: <i>The fee on each amount you take out of your investment.</i>		Nil
Termination Fee: <i>The fee to close your investment.</i>		Nil
Annual Management Costs		
Account Management Fee – Charged Daily: <i>The account service charges</i>		Nil
Investment Management Fee – Charged Daily: <i>The fee your investment/portfolio manager charges</i>		1.5% p.a.
Performance Fee – Charged Quarterly: <i>To ensure returns to HarbourSide Capital are based upon performance.</i>		20% of any performance above the Russell 1000 index. With a high water mark.
Annual Flat Fee – Charged Quarterly:		Nil
Indirect Fee (ETF MER)		Nil
Commission: <i>The remuneration and benefits received from trading to HLK Group and its authorised representative HarbourSide Capital as introducing brokers</i>		HarbourSide Capital does not receive any commission nor request any mark-up.
Other Service Fee: <i>The service fee charged by HarbourSide Capital when facilitating currency exchange of account base currency</i>		0.5% of transaction value per currency exchange transaction. HarbourSide Capital will submit a manual withdrawal request for client's approval
Other costs charged by executing broker		<ol style="list-style-type: none"> <li>Buy-Sell Spread which is the difference between the amount required to acquire a financial product at the relevant time and the amount that would be obtained on its disposal at that time.</li> <li>Account Service Fee charged by executing brokers such as costs for executing trade transactions. The above fees or costs will be automatically deducted from client account as they are incurred. For details, please refer to Product Disclosure Statement provided by the executing brokers.</li> </ol>
<p><i>Management Fee is Payable: Percentage of net liquidation value applied on a daily basis.</i></p> <p><i>Performance Fee is applied to the mark-to-market P&amp;L (positive or negative) at the end of each quarter. Any changes made to the specified percent during a period will only be applied on a forward looking basis and will not be applied retroactively. If at the end of the billing period the accumulated fee calculation is negative, no fee will be charged.</i></p> <p><i>The billing period will be Quarterly as of 3/31, 6/30, 9/30, and 12/31. Fees will be posted 10 days after the close of a quarter. This means that the Performance Fee will not apply to any quarter in which a trading loss is sustained.</i></p>		

## Example of Wholesale Fees

This table gives an example of how the fees for the MDA service can affect your investment over a 1 year period implementing *The Multi-Strategy Wholesale Investment*.

You should use this table to compare this product with other MDA services.

Example		Equity of \$250,000 with a contribution of \$5,000 during year
Contribution Fees	Nil	For every additional \$5,000 you put in, you will not be charged.
<b>PLUS</b> Management Fee	1.5% p.a. charged daily	For every \$250,000 equity you have in the investment you will be charged \$3,750 each year as a management fee, assuming average equity is \$250,000 for the period. Management fee will be charged daily which is \$14.88 per day. <sup>A</sup>
<b>AND</b> Commission	Commission cost for buying and selling stocks charged by executing broker	Estimated commission of 0.08% p.a. For every \$250,000 equity you have in the investment you will be charged \$1,000 each year as commission charged by IB. <sup>B</sup>
<b>EQUALS</b> Fees charged by HarbourSide Capital and executing broker	If you had an investment of \$250,000 at the beginning of the year and you put in an additional \$5,000 during the year, you will incur a fee of \$4,750 each year comprising management fee of \$3,750, commission of \$1,000. <sup>C</sup>	

<sup>A</sup> The example assumes management fee are calculated on an equity of \$250,000 with the \$5,000 contribution occurring at the end of the year. Thus, management fee is calculated using the \$250,000 equity. The fee formula for annualized percentage of net liquidation value applied on a daily is the fee percentage times the current NAV divided by 252. Assumption: Annualized percentage 1.50% p.a. of Net Liquidation. Previous day ending-equity \$250,000. Calculation:  $1.50\% \times \$250,000 / 252 = \$14.88$ .

<sup>B</sup> The example includes an estimation of commission of 0.08% p.a. based on an assumption that the portfolio value is rebalanced up to 5 times each year. However, the actual commission (if any) will depend on a number of factors such as when you start your investment and if rebalance occurs in a year. Estimation of commission provided may not be a reliable indicator of future commission of MDA.

<sup>C</sup> The exact amount of fees charged by the MDA Investment Manager may differ and are dependent on a number of factors, particularly the timing and actual performance of the MDA. Generally, the greater the performance of the MDA, the greater the management fee.

## Additional Explanations of Fees and Costs

The Multi-Strategy Wholesale Investment charges a performance fee of 20% on any performance generated in excess of The Russell 1000 Index performance, per quarter, using a high water-mark.

How the Multi-Strategy Wholesale Investment performance fee is calculated and charged.

	1st January 2021	31st March 2021	30th June 2021	30th Sept 2021
Net Asset Value (NAV)	\$250,000	\$275,000	\$246,375	\$295,650
Profit (loss)	–	\$25,000	-\$27,375	\$49,275
Performance Fee	–	\$2,500	\$0	\$4,380
NAV After Performance Fee	–	\$272,500	\$246,375	\$291,270
High-water Mark	\$250,000	\$272,500	\$272,500	\$291,270

It assumes that \$250,000 was invested. If the Managed Account had achieved a return of 10% for the quarter, and the Russell 1000 index rose in value by 5%, over the same period, your account would now be at \$275,000. The performance fee for the first quarter would be calculated on the performance above the Russell 1000 index i.e. 5% (the performance fee is 20%) therefore \$2,500 is charged to the account. This now leaves the high watermark at \$272,500

If in the second quarter of trading, the Russell 1000 Index fell 10% and managed account made a net loss of 10% or \$27,375, there would be no performance fee paid. However, the high-water mark would remain at \$272,500 as this remains the highest level after a performance fee has been taken.

In the third quarter the Russell 1000 Index increases in value by 10% and the Managed Account returns to profitability increasing 20%, or \$49,275 for the quarter, the equity would now be at \$295,650. The high-water mark is at \$272,500 the performance fee is only charged on the profit above the high-water mark. i.e. 20% of \$23,150 (\$295,650 - \$272,500) or \$4,630, instead of 20% of \$24,637.50. The new high-water mark is \$291,270.

Performance fees are charged on a pro-rata basis adjusting for the impact if any of additions or withdrawal of capital from the MDA

## How are management fees calculated?

The management fee for The Multi-Strategy Wholesale Investment is calculated on a daily basis from the Net Asset Value (NAV).

An example can be found below.

Management Fees Calculation	
Average NAV of the year	\$250,000
Annual Management Fees	1.50% p.a.
Daily % (1.50%/252)	0.0059%
Daily Management Fee (on each business day)	\$14.88

## Commission and other fees charged by the executing broker

As HarbourSide Capital has chosen to partner with Interactive Brokers Australia to execute investment positions, all clients are required to open an account(s) depending on the investment strategy you wish to proceed. Interactive Brokers Australia charges fees on the accounts such as commission, swap and buy-sell spread.

HarbourSide Capital does not request additional spread mark-up or commission mark-up on any strategies and we strongly encourage clients to read Product Disclosure Statements provided by them when you submit your account application. You can also access the documents via <https://www.interactivebrokers.com.au>

## Amendment to Fees

The MDA Provider or MDA Investment Manager will give you at least 30 days prior notice in writing of an increase to the fees or charges. In relation to a change that is not an increase in fees or charges, the MDA Provider or MDA Investment Manager will give the Client prior notice in writing of a material change. The changes will take effect from the expiration of the notice period and the fees set out in the Financial Services Guide and the Client Agreement – MDA Contract will be deemed to be automatically amended in accordance with the notice.

## Taxation

**WARNING: Investing in a managed investment scheme such as MDA service may have tax consequences.**

HarbourSide Capital does not provide any tax advice and you are strongly advised to seek professional tax advice. The taxation implications of investing in MDAs can be complex and depend on a number of factors, including whether you are a resident or non-resident of Australia for taxation purposes.



## Significant Risks

All investments carry risk. Different strategies can carry different levels of risk. Assets with the highest long-term returns may also carry the highest level of risk.

The value of investments and the level of returns will vary. Future returns may differ from past returns and past performance is not a reliable indicator of future performance.

Neither HLK Group nor HarbourSide Capital guarantee the success of the MDA, the repayment of capital or any particular rate of capital or income return. You may lose some or all of your investment.

While the risks described below are not exhaustive, they are some of the most significant risks involved in investing in MDAs. Discussions, as well as the management of these risks, are detailed below:

### Market Risk

Market risks refer to the changes in the price (market) of the assets held within the MDA that result in fluctuations in the value of your invested MDA.

Factors that drive price changes in invested assets include economic conditions, business confidence, government fiscal and monetary policies, etc.

In addition, asset classes may be impacted by specific risk factors, for example:

Equities – company earnings, industry outlook, analyst ratings, etc;

Fixed Income – credit ratings, interest rates, etc;

Currency – investor domicile currency vs. security denominated currency.

Each MDA is designed to be well-diversified across market sectors. The broad diversification of invested assets aims to provide a reduction in volatility of a specific MDAs' value.

Also, the individual ETFs for each asset class are broad-based securities with holdings spread across wide spectrums of companies, industries, sector and geographical regions.

Additionally, the chosen universe of ETF's for each MDA is filtered to represent only those instruments issued by the most reputable and largest providers (e.g. iShares, SPDR, Vanguard etc.). These securities have been chosen because of their history of delivering proven performance against their benchmarks.

### Counterparty Risk

Counterparty risk is the risk of losses resulting from a counterparty defaulting on a financial commitment to one's investment. Counterparties include brokers and banks. Invested assets are segregated in custody accounts designated for the exclusive benefit of the client by Interactive Brokers Group.

### Strategy Risk

Strategy risks refer to the risk that the investment processes of the MDAs do not successfully reproduce historical or intended results. This may have an adverse effect on the performance of the invested MDAs. The asset allocation process involved in the MDAs is entirely driven by the underlying quantitative model. The investment decisions are implemented via a strict framework of rules and limits.

The inputs to the model are continually updated and the dynamic nature of the investment strategy prevents any irrelevant or obsolete application of the underlying model.

The asset allocation model remains an intellectual property of the firm. The model is constantly being enhanced and updated.

### Liquidity Risk

The HSC MDAs eschew illiquid and opaque securities in order to avoid liquidity traps present in similar structures. We include in our investment universe only ETFs issued by reputable providers, trading on major global stock exchanges.

While the MDA only invests in listed assets, under certain conditions the liquidity of a particular market or security may be restricted, thus affecting the performance of the MDA.

Lack of liquidity or market depth can affect the valuation of the MDA's assets if it was required to reduce exposure at quoted prices

### Key Employee Risk

HSC employs specialist investment personnel who have responsibility for implementing the investment process. If key investment staff were to leave this would be de-stabilising to HSC and could lead to falls in the value of the MDA and in extreme circumstances could lead to the termination of the MDA. HSC actively develops alternative MDA strategies and is continually seeking new specialist investment personnel to mitigate key employee risk.

### Business Continuity

HSC views Business Continuity Management (BCM) as a fundamental part of its ability to protect its staff and fulfill its fiduciary responsibilities to clients.

HSC maintains Crisis Response and Business Recovery Plans to facilitate the management of any incident which has the potential to harm our staff, damage our premises or disrupt our business.

### **Currency Risk**

The MDAs' assets may be exposed to currencies other than Australian dollars. The value of such investments may be affected favourably or unfavourably by fluctuations in exchange currencies.

### **Legal Regulatory & Tax Risk**

Change in laws or their interpretations including, but not limited to, taxation and corporate regulatory laws, practice and policy may have a negative impact on the returns to investors.

### **Inflation risk**

The risk that the prices of goods and services will rise faster than the value of the investments.

### **Company specific risk**

Investment in a company's securities is subject to risk of that particular company's performance due to factors that are relevant and applicable to the company, the sector of the market to which the company belongs, or the equity market generally. Where it has exposure to that security it may affect the performance of the MDA.

### **Investment objective risk**

The risk that an investor's objectives will not be met by the MDA. Authority may be used to invest in assets which may not suit your objectives, needs and risk level or may be unsuitable from a social or ethical position.

### **Manager risk**

The risk that the manager will not achieve its performance objectives or not produce returns that compare favourably against its peers. Past performance results are not necessarily indicative of future performance.

### **Concentration risk**

The reliance on a group of securities, instruments or asset class that may significantly affect the performance of your portfolio.

### **Product Risk**

The risks for clients in utilising the MDA service also include those existent in non-discretionary dealings in exchange traded and over-the-counter securities and derivatives transactions. These risks are referred to in the Product Disclosure Statement (PDS) of the relevant financial product. The PDS should be carefully read and reviewed before acquiring the product. Derivatives carry a high level of risk to your capital and you should only trade with money you can afford to lose.

### **Volatility risk**

The potential for the price of your portfolio to vary sometimes distinctly over a short period of time. The greater the volatility of the returns the more likely it is the returns will differ from those expected over a given time period. Risks can be managed but cannot be completely eliminated.

It is important to understand that:

- the value of your investment may go up and down;
- investment returns may vary and future returns may be different from past returns;
- returns are not guaranteed and there is always the chance that you may lose money on any investment you make; and
- laws affecting your investment may change over time, which may impact the value and returns of your investment.

## Opening of accounts and withdrawal of funds

The first step for wholesale investors is to complete and return the HSC MDA Application and client agreement with a certified copy of your passport and Drivers license and wholesale certification from your Accountant.

You will also be required to complete the relevant application forms to open an account with our executing broker. Once the account is opened, you will be provided instruction on how to fund your account. HSC does not hold your funds. All funds are held by the executing broker under your application name or entity. Should you wish to add more funds to your account, you can do this directly with the executing broker at any time. Contact HarbourSide before making any deposits.

In order to protect client accounts from exposure to open positions during a withdrawal process, we require our clients to notify us via email or phone call two business days prior to requesting the withdrawal from the broker to allow for us to close outstanding positions in the MDA. We can be contacted by email at [info@hscapital.com.au](mailto:info@hscapital.com.au)

Under clause 4 of the MDA Contract, the MDA Provider and/or MDA Investment Manager's discretion to trade on your behalf is unlimited. HarbourSide Capital keeps developing and refining its investment strategies to deliver better returns for clients. If we are going to implement a material change on any of our investment strategies (e.g. enrich its investment universe), a new version of the investment program will be provided to you. However, you may at any time by written notice to the MDA Provider and/or MDA Investment Manager limit the trading by reference to the markets to be traded, cash size of each position, number and type of shares, warrants or options traded per day, and other limitations as agreed in writing, except that you cannot limit the MDA Manager's discretion to trade on your behalf to merely the time or price at which transactions may be effected. The MDA Provider and/or MDA Investment Manager has the right not to accept your instructions and if that is the case, your MDA account will be closed. Giving instructions in this way may result in losses to your assets under the MDA service.

## Withdrawal of funds and Closing Account

At HSC we strongly believe that your investment account is your property and that you should have the right to withdraw any or all of your funds at any time that you wish. With this being one of our core beliefs, and unlike many other managed investment funds, we don't place restrictions on your right to withdraw your funds at any time (subject to you maintaining sufficient funds to satisfy your margin obligations). We do not charge any exit penalties or fees.

You are able to withdraw your funds directly through the executing broker's funds withdrawal process. The broker will advise you of the time required to process the transaction(s) and any associated fees. Please refer to the PDS provided to you by the executing broker for more details.

In order to protect client accounts from exposure to open positions during a withdrawal process, we require our clients to notify us via email, prior to requesting the withdrawal from the broker, to allow us the opportunity to close all open or pending positions.



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