Automatic cash management user guide

Macquarie Wrap

What is automatic cash management?

Automatic cash management helps you manage your clients' cash balance online, through the Macquarie Wrap website. It enables you to select and automatically maintain a minimum and/or maximum cash balance for any of your clients' accounts that hold managed investments.

What are the benefits?

Automatic cash management supports business efficiency. You can automatically:

- manage your clients' minimum cash balance, ensuring sufficient cash is available for payments, such as pension payment or your service fee

- manage your clients' maximum cash balance, ensuring excess cash is invested on a regular basis

- manage your clients' cash asset allocation

- elect to manage pension clients based on their pension payment amounts, and automatic cash management will change dynamically as the pension changes.

Features at a glance

- There are three plan types available:
  1. standalone minimum plan
  2. standalone maximum plan, or
  3. combination plan (maximum and minimum).

- Automatic cash management plans are not available for listed securities.

- No transaction fees.

- Invest or redeem across a maximum of 20 managed investments, and elect to draw down on these investments in priority order or by nominated percentages.

- Alternatively, select *model portfolio* as the investment, with the choice of a 'smart application/redemption' or 'standard application/redemption' option to optimise investment transactions.

- Nominate either a dollar or percentage target/trigger.

- Link cash targets and triggers with the number of future pension payments.

- Set a maximum investment limit for each monthly automatic cash investment.

- Runs on the morning of the 20th of each month or shortly thereafter.

- The minimum order per investment is $50.
  Note: when a plan triggers multiple orders that are valued both above and below $50, the orders above $50 will still be processed.

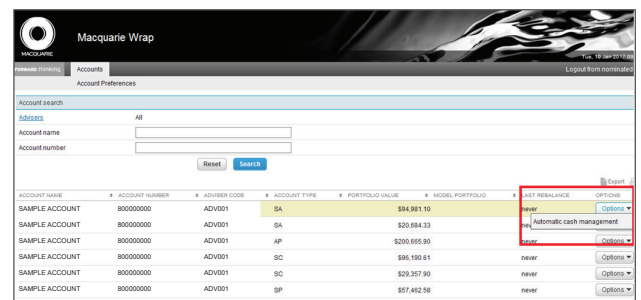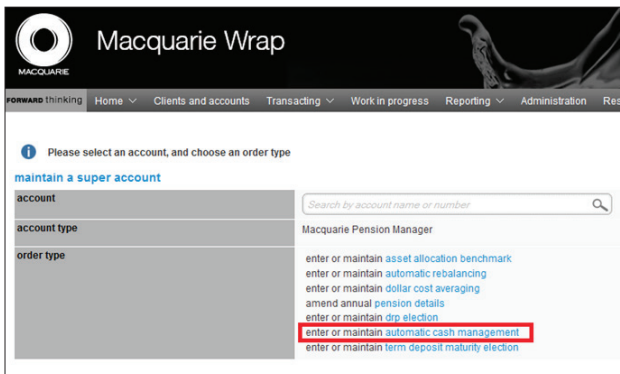# How does automatic cash management work?

Your client's available cash balance* is calculated on the morning of the 20th of each month. When determining if the triggers have been breached, automatic cash management makes the following adjustments to the cash balance:

- **Minimum plan:** increases the cash balance for any sells currently on market
- **Maximum plan:** reduces the cash balance for any authorised buys yet to be processed.

How can you access automatic cash management?

To access automatic cash management, follow the below steps:

- Select *Administration* in the top menu. From the *Administration menu* select the relevant product, for example *Maintain a pension account* for a pension account. Select the account for which you wish to create or modify and then select *enter* or *maintain automatic cash management* from the list.

- or selecting *Options* in the accounts landing page within the *Model portfolios* Information screen. Please refer to the *Accessing automatic cash management through model portfolios* section below. If you are not registered for model portfolios, please speak to your Business Development Manager for further information.

If you have made a full redemption on a managed investment that is in one of your automatic cash management plans, please remove this managed investment from the plan.

* Please note that the available cash balance includes unsettled orders currently placed on a client's account – outstanding orders can be viewed in Work in Progress.

Accessing automatic cash management

Accessing automatic cash management through Administration

A pop up window, pictured below, will appear when you select automatic cash management from the Administration screen. If the selected account already has an automatic cash management plan established, the screen will be pre populated.

Accessing automatic cash management through Model portfolios

Automatic cash management can be used to efficiently manage cash within accounts linked to a model portfolio. This will ensure that changes made to the model will automatically flow through to your automatic cash management plan without any additional work.

❶ **Plan end date:** Once established, the plan will run on or around the 20th of each month until the specified end date or the plan cancelled.

❷ **Plan types:** Select either Maximum and/or Minimum plan.
Maximum plan: will invest cash above the cash target once the cash trigger has been breached.
Minimum plan: will sell down assets to top up cash to the cash target, once the cash trigger has been breached.

Note: there is a minimum difference between the cash target and the cash trigger of $1,000 for Manager/ Consolidator and $250 for Accumulator.

❸ **Investment limit:** You can set an maximum investment limit on automatic cash management orders so that application orders which exceed the investment limit will not be automatically executed (ie orders will be generated with a pending status). Wrap will alert you to authorise or cancel the transactions.

Note: If you have not authorised the orders by the 28th of the month, the orders will automatically be cancelled.

❹ **Pension payments:** For Pension accounts, you can specify a cash target and trigger using the pension payment details. For example: you can elect to have a cash target of $0 + 6 months worth of pension payments, and a cash trigger of $0 + 2 months pension payments.

Note: Any changes made to the pension payment amount (ether annually or ad hoc during the year) will flow through to automatic cash management.

❺ **Graph:** The graph illustrates the cash trigger and cash target on the minimum and maximum plan. Green on the maximum plan represents the area in which a buy will be triggered. Red on the minimum plan represents the area in which a sell will be triggered.

❻ **Allocation method (if investment selection is Managed Investments):**
For Maximum plan, the following options will be displayed:
- **percentages:** will buy assets as per the allocated percentage for each nominated investment.
- **proportional:** will buy assets in equal proportion across the nominated investments.

For Minimum plan, the following options will be displayed:
- **percentages:** will sell assets as per the allocated percentage for each nominated investment.
- **priority:** will sell asset in the order selected.

❼ **Allocation method (if investment selection is Model Portfolios):** The allocation method displays dynamically depending on the investment selection selected.

For maximum plan, if the investment selection for a maximum plan is Model Portfolio, the following options will be displayed:
- Smart applications (will identify any underweight investments and top them up).
- Standard applications (will buy assets as per the model allocation). Where the model contains assets which are not eligible for automatic cash management, the remaining assets will be 'grossed up' to total 100 per cent.

For minimum plan, if the investment selection for a minimum plan is Model Portfolio, the following options will be displayed:
- Smart redemptions (will identify any overweight investments and sell them).
- Standard redemptions (will sell assets as per the model allocation). Where the model contains assets which are not eligible for automatic cash management, the remaining assets will be 'grossed up' to total 100 per cent.

❽ **Managed investments:** You can search for a managed investment using part of the name. To view the full list of managed investments, click on the empty search field and the list of managed investments will be displayed on the dropdown list.

Note: if the dropdown list is blank, please ensure that:
i. the client currently has holdings in the investment
ii. the managed investment is daily priced and open for applications.

❾ **Investment selection:** Where the account is linked to a model portfolio:
- you will be given the option to invest in the model portfolio or specify managed investments to buy (for maximum plan)/to sell (for minimum plan)
- Model portfolio details (such as list of managed investments, listed securities and cash) will be displayed on the Model portfolios tab. A green tick on the status indicates the asset is an eligible managed investments for automatic cash management. Non-daily Managed Investments, Listed Securities and Cash in light grey are not eligible.

Notes: Managed investments must be daily priced to be used within automatic cash management. If the model contains assets which are not eligible for automatic cash management, the remaining assets will be 'grossed up' to total 100 per cent.

Authorisation

New plans and updates to existing plans will not be saved until the plan is authorised. Once you have entered the plan details, click next to review and authorise the plan. Automatic cash management plans must be authorised by a user with full transact authority.

Please ensure any new plans or updates are authorised by 5pm Sydney time on the 19th of the month (or if the 19th falls on a weekend/public holiday the preceding business day) otherwise the new/updated plan may run on the following month.

Navigation

Should you need to update another automatic cash management plan, please select *Cancel* in the bottom left-hand corner of the pop-up window. You will not be able to open another client account's Automatic Cash Management plan until this has been selected.

Cancellation

To cancel an automatic cash management plan, enter a date in the Plan end date. If the cancellation is to be immediate, please enter a date two days in advance of the current date.

If closing an account, please ensure the automatic cash management plan is cancelled before placing redemption orders otherwise new purchase orders may be generated requiring a further selldown order to be placed.

Alerts

We will send you an alert email if one or more of the following events occur:

- the fund in the plan is closed to applications
- the fund in the plan is closed for redemptions
- the pension amount is $0
- a Model Portfolio rebalance is currently underway
- the orders generated exceed the maximum investment level.

The alert is for information purposes. If a fund has closed to applications or redemptions, the plan should be modified to remove this fund.

Alerts can be accessed through the home page of Macquarie Wrap.

Example of an alert email

From: Macquarie Wrap

Sent: Thursday, 24 February 2011 6:13 PM

To: John Smith

Subject: Macquarie Wrap Alerts Automatic cash management

Dear John Smith

Automatic cash management has run for the month of <month year>. One or more of your clients have plans that were not able to be executed or have orders that have been created in a pending status as the value of the order has breached the limit set by you.

Further details can be found via the 'alerts' page on the Macquarie Wrap site. To access this page, simply log on to the Macquarie Wrap site and click on 'alerts'.

If you require any further information regarding this, please contact us.

Regards

Macquarie Wrap

If you have any questions regarding automatic cash management, please contact Adviser Services on **1800 025 063** or your **Training and Relationship Manager**.

To contact Macquarie Adviser Services call **1800 025 063**, fax Gateway on **1800 025 175**, email **wrapsolutions@macquarie.com**, write to **Macquarie Wrap GPO Box 4045, Sydney NSW 2001** or visit the website at **macquarie.com.au/wrapsolutions** or ClientView at **macquarie.com.au/clientview**