



Byron Capital Pty Ltd

ABN 57 113 806 689

Trading as

Byron Capital Private Investors

Australian Financial Services Licence No 289407

FINANCIAL SERVICES GUIDE

25 February 2010 Version 5

About this document

This Financial Services Guide (FSG) is an important document. It is designed to provide you with information about us and our relationship with you prior to a financial service being provided, in order to help you decide whether to use our financial services.

It contains information about remuneration that may be paid to us and others, as well as how complaints are dealt with. You should take the time to read it carefully.

The main financial services we offer are advice and dealing (buying and selling investments) for you.

This FSG contains information on:

- who we are and how we can be contacted
- the services and products that we are authorised to provide you
- how we, and any other relevant parties, are remunerated for the services we offer you and
- details of our internal and external dispute resolution procedures should you need them.

As mentioned, research reports on securities are available. If law requires that you receive other information (such as a Product Disclosure Statement (which contains information about a specific financial product and will be given to you before you make any investment decision) or Statement of Advice (which is your financial plan and will be prepared before you wish to use our services)) we will provide this to you.

At the back of this FSG is information about our optional Managed Discretionary Account – a service which can simplify the way you go about investing.

Contact your advisor if you have any questions. Byron Capital Pty Ltd (Licensee) has given authority to your advisor to distribute this FSG.

Who is responsible for the financial services provided?

Byron Capital Pty Ltd is an Australian Company dedicated to assisting clients achieve their financial goals. All our Directors are Financial Advisors. Any financial services offered by us will be provided by a representative of ours. We are responsible to you for any financial services our advisors provide and we hold an Australian Financial Services Licence issued by the Australian Securities and Investment Commission (ASIC). Our Licence number is 289407.

What financial services do we offer?

Our core business is to provide personalised, long term strategic financial planning and advice to retail and wholesale clients and if they wish, make investment decisions for them.

We operate across a broad range of financial planning and investment strategies, including:

- **superannuation** – superannuation contribution and withdrawal strategies and reasonable benefit limit management.

- **wealth creation & accumulation** – savings and investment gearing strategies.
- **retirement planning** – cash flow and income stream management.
- **investment structuring** – use of appropriate ownership structures such as companies, trusts, self-managed superannuation funds and public offer superannuation funds.
- **asset allocation** – strategic spread of your investments into various market sectors including cash, fixed interest, Australian equities, international equities and property.

We can liaise with your other professional advisors in relation to taxation management, insurance and risk management, and estate and succession planning with a view to your overall financial planning requirements being met.

Recommended investments are researched internally and extensive external research is also utilised. All recommended investments are subject to ongoing research, and your portfolio is monitored by your advisor.

We will meet with you at least annually, reporting on performance and reviewing your investments and strategies formally with you in light of your circumstances and objectives.

We can also provide you with general securities advice (i.e., advice which does not take into account your particular investment needs, objectives and financial circumstances) and also research reports on securities. However, you should carefully consider the suitability of any investment in light of your personal circumstances.

We can also instruct your broker for you based on your investment decisions, or if you wish to use our optional managed discretionary account, we can make the day to day investment decisions for you within the limits of your Statement of Advice.

In formal terms, your advisor is authorised by us to deal and provide financial product advice to both retail and wholesale clients on:

- superannuation products.
- securities, such as listed and unlisted ordinary shares and preference shares
- interests in managed investment schemes, such as managed funds and investor-directed portfolio services (e.g., master trusts and wrap accounts)
- deposit and payment products, such as at-call cash accounts and term deposits
- debentures, stocks or bonds issued or proposed for issue by a government
- retirement savings account products and
- life insurance - whilst we are qualified to advise on certain products, this is a specialist area and we recommend you contact your insurance broker or we can refer you to a specialist.

You should read the warnings contained in the Statement of Advice carefully before making any decision relating to any financial products.

Will advice be suitable to me?

To give you suitable advice, your advisor will work with you to determine your individual investment objectives, financial situation and needs.

You are not obligated to tell us these things, but we are required to warn you about the possible consequences if you choose not to.

How do you give us instructions?

Generally you can telephone, fax, or email us, although some things may need to be in writing.

How will you pay for the services provided?

It is our policy to be remunerated primarily by fees.

This means we usually “rebate” any initial commissions we might otherwise receive for making a particular investment, for example, from fund managers or life companies on placement of your funds.

Fees are charged for each of the following services:

- preparation of a Statement of Advice incorporating your financial plan
- implementation of our investment recommendations and
- ongoing service and regular review of your investment portfolio.

These fees may be a fixed dollar amount or based on the value of your investment portfolio. It is our preference not to retain initial commissions paid by product issuers; however, this option may be offered to you. If you receive personal advice from us, we will advise you in writing about the fees, commissions and any other benefits, where possible in actual dollar amounts, in a Statement of Advice.

How are commissions, fees or other benefits calculated?

Generally the payment Byron Capital receives will depend on the type of services you require.

We charge a fee for developing your plan. The fee depends on the complexity of your situation and will be agreed prior to plan preparation. As a guide the fee is usually between \$750 and \$1,500 (plus GST). We invoice you for the plan when issued.

As we may be involved in the ongoing management of your financial affairs we would also charge an annual retainer fee. As a guide, the first year's retainer may be up to 2% (plus GST) of funds subject to advice. The first year's retainer fee is usually payable in advance. For subsequent years the annual retainer may be up to 1% (plus GST) of funds subject to advice for portfolios valued at \$500,000 and above, and up to 2% (plus GST) for portfolios valued at less than \$500,000. You may elect to pay subsequent year's fees either annually or in instalments. Please note the above-mentioned percentage rates exclude GST.

If we facilitate access to a special placement, prior to a new issue or float then we may receive an associated handling fee at no additional cost to you.

As an alternative to the above, we may be paid commission by the issuer of the financial product at the time you invest or contract, and/or during the life of your investment or contract.

Details of any payments received are contained in the offer documents for most financial product issuers.

Remuneration (including commission) or other benefits received by relevant persons, such as Byron Capital and your advisor on financial products to which personal advice relates, will be disclosed at the time the personal advice is given, or as soon as practicable after that time.

Byron Capital Pty Ltd (Licensee) will pay up to 92.5% of all revenue received to the Practice Office and retain the remaining .

Do any relationships or associations influence our advice?

Generally, we do not have such relationships. If any such relationships or associations come into being, they will be detailed in our Statement of Advice to you.

Our advisors do not receive specific payments or commissions for the giving of advice. Our advisors, directors and employees receive salaries, bonuses based on a range of qualitative and quantitative performance measures and other benefits from us.

Will anyone be paid for referring me to you?

Where someone else has referred you to us, and we pay them a fee or commission in relation to that referral, we will advise you in the Statement of Advice who will receive that fee or commission, and the amount they will receive.

Are there any other benefits that we receive?

From time to time, various fund managers, stock-broking houses and other business relationships have the opportunity to provide funding and other forms of support for training programs, client days, seminars and conferences conducted by us in the ongoing development of our advisor network.

This support is at no additional cost to you and does not influence any business or investment decisions taken by us.

Any significant indirect benefits will be fully disclosed to you in your Statement of Advice or details are available.

What about risks?

It is important that you understand the risks associated with any investment or investment strategy which we recommend.

Your advisor will discuss risks with you.

If these are still not clear, you should ask for further explanation. Generally, all investments are subject to varying risks and can fluctuate in value (i.e. you can experience investment gains or investment losses). Changes in value can be significant and they can happen quickly. Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in a diversified portfolio.

Risks which are commonly associated with investments include:

- risk particular to an investment (e.g. management changes),
- risk in the market generally (e.g. there is a war),

- interest rate and currency movement risk,
- instrument risk (e.g. derivatives have particular risks)

Risk of system and personnel failure are managed by carefully selecting our advisors and ensuring that they have at least the required level of professional development, as well as ensuring that we have robust compliance systems.

What about tax?

Tax is a fact of life for almost everyone. Buying and selling investments has tax consequences.

This is so whether you invest yourself or use our Managed Discretionary Service. We are not specialist tax advisors but will work with any other advisors in this area that you may have. If we are making the investment decisions for you, then remember that although your advisor does generally take your tax situation into account, you will need to seek professional tax advice. Be aware that the actions we take for you can mean that you will have tax obligations (e.g., to pay tax on any capital gains you make).

What about privacy?

We are committed to ensuring the privacy and security of your personal information such as your contact details, your objectives, financial situation and needs and the recommendations made to you. We are generally required to collect certain personal information in order to provide you with the required financial service.

We won't disclose any information that we have about you unless the law requires or another member of our group requires it so that they or we can perform agreed services for you.

If you think our records are incorrect or out of date, it's important that you contact us and we'll correct them.

A copy of our privacy policy is available for your information. If you wish to examine your file please ask us. We will make arrangements for you to do so.

What should I do if I have a complaint?

If you have a complaint, then contact your advisor or call our Dealer Group Manager on (07) 4631 9617. We will do our best to resolve your complaint fairly and within 45 days. It may assist if you put your complaint in writing. If you are not satisfied then you can contact the Financial Ombudsman on 1300 78 08 08 or you can write to them at:

Financial Ombudsman Service
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Website: www.fos.org.au
Email: info@fos.org.au
Mail: GPO Box 3, Melbourne, Victoria, 3001

The Australian Securities and Investments Commission (ASIC) also has a free call info line on 1300 780 885 which you may use to find out how to make a complaint and obtain information on your rights.

Professional Indemnity Insurance

We have professional indemnity insurance in place and feel confident that it is a reasonable arrangement to have for compensating our retail clients for any loss or damage they may suffer should we or one of our representatives be found to have caused them to suffer loss or damage due to a breach of a relevant obligation under Chapter 7 of the Corporations Act.

Subject to all statutory limitation periods our insurance arrangements cover work done under our AFSL by our representatives even when they cease to be our representatives.

Want to know more?

Always feel free to contact your advisor or call us on (07) 4631 9600.

The Byron Capital Managed Discretionary Account (MDA)

Many of our clients decide to use the Byron Capital MDA (**the service**) for themselves as well as for their family members, and entities they control such as companies, trusts, and self managed superannuation funds.

This part of the Financial Services Guide provides the information about the service that you need to know, however there is a separate MDA form that needs to be signed to enter into this agreement.

The investment program

Should you decide to use the service, we make certain investment decisions for you. This MDA allows us to act quickly if time is important or you are not available to be contacted in the required time-frame. Any investment must be consistent with your investment program outlined in your Statement of Advice and be on the Byron Capital Approved Investment List. It is important for you to be aware that we are limited to making changes to 20% of the value of your portfolio at any one time. We will notify you of any changes we make to your portfolio within 5 business days and the 20% limit will be reset on notification to you.

Your nominated advisor will be responsible for reviewing your investment program and making investment decisions, however if they are on leave or should leave Byron Capital, we will ensure you are introduced to another advisor in the group who will work closely with you to ensure that your needs are met at all times.

Your "investment program" complies with Division 3 of Part 7.7 of the Corporations Act and in your Statement of Advice you will find:

- statements about the nature and scope of the discretions we as the operator of the service are authorised and required to exercise under our agreement with you and the
- investment program or strategy that we follow
- information about risks associated with the service
- the basis on which we consider this service to be suitable for you and
- warnings that our service does not include custodial or depository services, but we may recommend and you may then choose that your assets be held by a master trust, wrap account or custody service. We will work with any relevant operator as necessary to manage your portfolio, however we recommend that you use Netwealth who have an External MDA Custodian License. Their contact number is 1800 888 223; and
- warnings that our MDA contract with you may not be suitable for you if you have provided to us limited or inaccurate information relating to your relevant personal circumstances and may cease to be suitable if your relevant personal circumstances change.

We will review the suitability of the service for you at least each 12 months – generally at your annual review.

How do you pay for investments?

Your advisor will discuss this with you and full details will be explained to you in your Statement of Advice

The key to paying for investments and any fees for the service is the cash management account you have chosen to be part of your investment program.

This cash management account will be used to collect any income from your investments, as well as the proceeds when we sell investments. We also withdraw money from this account to pay for your investments and also to pay Byron Capital fees for the service we provide.

What investment information will you receive?

Generally communications about particular investments are sent to us. If they require action, then:

- we would seek your instructions if any new financial decision was needed (e.g. to participate in dividend reinvestment) or
- would take care of it for you if no new financial decision was needed (e.g. to pay a call on an investment already in your portfolio or participate in a share purchase plan),
- otherwise, we may or may not act on them (e.g. vote or give instructions to vote on a corporate reconstruction or takeover) and need not send them to you.

What reporting will you receive?

We will provide reports on your portfolio soon after the end of each quarter, as well as an annual report to comply with our obligations under the Corporations Act. If you have chosen to invest through a master trust or wrap account, you will receive these reports as well.

What are your obligations?

We will generally manage your investments to make sure that there are sufficient funds in your cash management account to pay for your investments ~ including the initial cost of investments we buy and any other moneys which might become payable (e.g. a call or a margin), as well as to pay any Byron Capital fees. You indemnify us for these things and for any breach of this agreement.

What else do I need to know?

The service is regulated as a Managed Discretionary Account (MDA) under policy and a Class Order issued by the Australian Securities and Investments Commission (ASIC). We have ensured that this FSG complies with requirements of that Class Order. The Australian Securities and Investments Commission (ASIC) does not take responsibility for this agreement, but does require us to comply with certain obligations being to:

- act honestly in providing the service to you under this agreement, and exercise the degree of care and diligence that a reasonable person would exercise if they were in our position in providing the service to you
- act in your best interests in providing the service to you and, if there is a conflict between our interests and yours, give priority to yours, and not use information which we have through providing the service to you to gain an improper advantage for us or any other person or to cause detriment to you and
- comply with the conditions of the relevant Class Order, the investment program (unless otherwise agreed in writing by you), and our Financial Services Guide (FSG), and
- compensate you for any loss you suffer because of any act or omission due to any agent or other person engaged by us in connection with the service as if their acts or omissions were ours (but not of any external MDA custodians or external MDA advisors (as defined by the relevant Class Order) or a person acting on their behalf).

Terminating the service

Either of us can terminate this agreement any time by letting the other know in writing (simply write, fax or email your advisor). There are no fees charged for terminating the service.

About the MDA Agreement and this FSG

You must first enter into this agreement before we can provide the service to you ~ your advisor will have a form you can sign.

We can change our agreement with you about the service by reasonable notice to you – generally at least 14 days. We would normally send you the new terms and give you the opportunity to cease the service if you wish. This agreement is governed by the laws in force in Queensland from time to time and we both submit to the non-exclusive jurisdiction of the courts there. We can assign our rights under this agreement (on notification to you), but you may not. In this agreement, a reference to “you” means each person to whom we provide the service.

Our team

Michael Francis

Michael has a Bachelor of Business (B Bus) from the University of Southern Queensland, is a Certified Financial Planner™ practitioner and an Authorised Representative of Byron Capital Pty Ltd (253544). Michael has been involved in the Financial Planning Industry since 1987. He is an Associate and Certified Practising Accountant - Member of the Australian Society of Certified Practising Accountants (CPA - Specialist in Professional Financial Planning). Michael is also a Fellow of the Australian Institute of Company Directors. Michael is a founding Director of Byron Capital Pty Ltd.

Malcolm Allen

Malcolm has a Bachelor of Business from the University of Southern Queensland, is a Certified Financial Planner™ practitioner, and an Authorised Representative of Byron Capital Pty Ltd (253543). Malcolm has been involved in the Financial Planning Industry since 1986. He is an Associate and Certified Practising Accountant - Member of the Australian Society of Certified Practising Accountants (CPA - Specialist in Professional Financial Planning). Malcolm is a founding Director of Byron Capital Pty Ltd.

Brett Walker

Brett has a Diploma of Financial Planning from Deakin University. He is a Certified Financial Planner™ practitioner and an Authorised Representative of Byron Capital Pty Ltd (253546). He also has a Bachelor of Commerce from Griffith University and has been involved in the Financial Planning Industry since 2000. Brett is a founding Director of Byron Capital Pty Ltd.

Sue Krebs

Sue has a Diploma of Financial Planning from Deakin University. She is a Certified Financial Planner™ practitioner and an Authorised Representative of Byron Capital Pty Ltd (253548) and has been involved in the Financial Planning Industry since 1998.

Robyn Zerner

Robyn has an Advanced Diploma of Financial Services (Financial Planning) and is an Authorised Representative of Byron Capital Pty Ltd (284405). She has been involved in the Financial Planning Industry since 1999.

Kent Paroz

Kent has an Advanced Diploma of Financial Services (Financial Planning) and is an Authorised Representative of Byron Capital Pty Ltd (345119). He also has a Bachelor of Commerce from the University of Southern Queensland.

David Knott

David has an Advanced Diploma of Financial Services (Financial Planning) and is an Authorised Representative of Byron Capital Pty Ltd (335579). He also has a Bachelor of Commerce Degree and a Graduate Diploma in Applied Finance.

YOUR ADVISOR IS:

| Practice & Representative Office | Dealer Group Office |
|---|----------------------------|
| 300 Ruthven Street | 300 Ruthven Street |
| Toowoomba Qld 4350 | Toowoomba Qld 4350 |
| PO Box 2453 | PO Box 2453 |
| Toowoomba Qld 4350 | Toowoomba Qld 4350 |
| Telephone: 07 4631 9600 | Telephone: 07 4631 9617 |
| Facsimile: 07 4631 9699 | Facsimile: 07 4631 9699 |