

## Supplementary Financial Services Guide

Version 4

Dated 25<sup>th</sup> March 2024

This Supplementary Financial Services Guide (SFSG) provides additional information to the Financial Services Guide version 6 dated 25<sup>th</sup> March 2024 (FSG). The SFSG is to be read together with the FSG. Please read and retain both documents for future reference.

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### Managed Discretionary Account Services

Your adviser offers Managed Discretionary Account (**MDA**) Services through an agreement with clients called an MDA Contract.

Before your adviser can provide the MDA Service, they must determine the suitability of the MDA Service for you and provide you with personal advice.

Once you have read your advice document (including the Investment Program) and you wish to proceed with the MDA Service, you will need to acknowledge your authority to proceed with the advice and sign a MDA Contract. By accepting the terms of a MDA Contract you will be granting your adviser an authority to take action on your investment portfolio (e.g. buy or sell investments) without first consulting you.

This will change the nature of the adviser-client relationship.

Normally, your adviser provides you with advice and recommendations supported by research or other information to assist you to make an informed decision on those recommendations. Your adviser then implements whatever action you decide to take.

If you accept the terms of an MDA Contract, you will, to some degree depending on the limitations/restrictions detailed in the MDA Contract, provide your adviser with the authority to make decisions on your investment portfolio and to implement investment transactions without consulting you.

You may give instructions to your adviser on how rights relating to the financial products in your investment portfolio are to be exercised by providing those instructions to your adviser in writing.

The decision to surrender full or partial control of your investment portfolio to your adviser is an important decision.

You should not accept the terms of a MDA Contract provided by your adviser unless you are confident that they have a clear understanding of your circumstances, needs and objectives.

The significant risks of accepting the terms of a MDA Contract provided by your adviser are:

- Your adviser may make investment decisions that you disagree with. Provided your adviser's actions are within the law and the scope of the authority you have granted and the adviser has acted efficiently, honestly and fairly, you will have no right of recourse.
- This means that you will have to accept the tax consequences, transaction costs and any capital loss resulting from any transaction validly executed by your adviser and any "reversal" of that transaction that you may request.
- If you do not promptly inform your adviser of any changes in your situation, needs and objectives, there is a risk that your adviser may make inappropriate investment decisions.

You may only enter into a MDA Contract where your investment portfolio is held via a regulated platform such as an investor directed portfolio service (IDPS), IDPS-like scheme, superannuation wrap or master trust. The assets that will be managed under the terms of your MDA Contract will be held as part of your

account on the relevant platform, and the MDA services does not include custodial or depository services.

You must enter into the MDA Contract provided by your adviser before they can provide you with MDA services. Your MDA Contract will include an Investment Program prepared by your adviser that complies with Division 3 of Part 7.7 of the Corporations Act, and that will contain:

- Statements about the nature and scope of the discretions your adviser will be authorised and/or required to exercise under the MDA Contract and the investment strategy that is to be applied in exercising those discretions;
- Information about any significant risks associated with the MDA Contract;
- The basis upon which your adviser considers the MDA Contract to be suitable for you; and
- Warnings that the MDA Contract:
  - May not be suitable to you if you have provided limited or inaccurate information relating to your relevant personal circumstances; and
  - May cease to be suitable if your relevant personal circumstances change.

Note that your adviser will exercise, on your behalf (where appropriate), any rights that relate to your portfolio arising from corporate actions and communications about your portfolio assets.

As your investments will be held on an account/platform that uses a custodial arrangement to hold the investments on your behalf, your adviser's ability to participate on your behalf in the corporate action can be limited or may not be able to participate at all.

Your adviser will be responsible for reviewing the suitability of the MDA Contract (including the Investment Program that forms part of it) to your relevant personal circumstances at least once every thirteen (13) months, unless the MDA Contract is terminated earlier.

### Fees and Costs

The table below shows the fees and other costs that you may be charged for using an MDA Service. These fees and costs may be deducted from your money, from the returns on your investment or from the assets managed in connection with the MDA Services.

You should read all the information about fees and costs because it is important to understand their impact on your investments managed in accordance with the MDA Services.

<b>Managed Discretionary Account</b>		
<b>Type of fee or cost</b>	<b>Amount</b>	<b>How and when paid</b>
<b>Fees when your money moves in or out of the investments managed via the MDA Service</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Management costs</b> The fees and costs for managing your investment		
<b>MDA advice fee</b>	Refer to the "Additional Explanation of Fees and Costs" section below.	Refer to the "Additional Explanation of Fees and Costs" section below.
<b>Service fees<sup>1</sup></b>		
<b>Switching fee</b>	Nil	Not applicable

Managed Discretionary Account		
Type of fee or cost	Amount	How and when paid
The fee for changing investment options		

1. Refer to the “Additional Explanation of Fees and Costs” section below.

Note: You may also incur transaction costs, such as brokerage and buy-sell spreads. They will be disclosed to you via continuous electronic access or quarterly reports, where applicable, and within an annual report provided to you each year.

#### Example of annual fees and costs for an investment portfolio

This table gives an example of how the fees and costs for the investment portfolio can affect your investment over a 1 year period. You should use this table to compare this product with other similar investment products.

EXAMPLE — MDA service		BALANCE OF \$50 000 WITH A CONTRIBUTION OF \$5 000 DURING YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	Refer to the “Additional Explanation of Fees and Costs” section below.	And, for every \$50,000 managed under the MDA service, you will be charged the percentage of your investment disclosed in your Client Service Agreement, each year.*
EQUALS Cost of MDA service		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged the percentage of your investment disclosed in your Client Service Agreement.*  <b>What it costs you will also depend on the investment option you choose and the fees you negotiate.</b>

*\*Refer to the “Additional Explanation of Fees and Costs” section.*

This example is illustrative only and fees and costs may vary for your actual investment. This example only shows the fees and costs that relate to receiving the MDA Services, which can only be received in connection with your platform account.

The example does not include the fees and costs of the underlying investments acquired through that platform. Additional costs will be charged by the issuers of the products that may be acquired as part of your MDA Service via your platform account. Refer to the disclosure document for your platform for an explanation of the fees payable in connection with your platform account.

#### Additional Explanation of Fees and Costs

The fee your adviser charges for providing the MDA service is included in the cost of your Client Service Agreement (Agreement). Please refer to the Agreement and the ‘How we charge for our services’ section of the FSG for details of the fee.

### **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 account 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 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.