



**Powell Capel
Securities**

Financial Services Guide

Version 8
Dated: 15 August 2011

POWELL CAPEL SECURITIES PTY LTD

ABN 63 066 548 098

Australian Financial Services No: 220403

Chatswood Commercial Suite 6
1st Floor, Epica Tower
9 Railway Street
CHATSWOOD NSW 2067

All correspondence to:

PO Box 71, Chatswood NSW 2057

Tel: (02) 9410 0999

Mobile: 0417 221 843

Fax: (02) 9410 3099

Email: pcs@powellcapel.com.au

Web: www.powellcapel.com.au

Financial Services Guide

You have the right to ask us about our charges, the type of advice we will give you and what you can do if you have a complaint about our services.

This Financial Services Guide (“FSG”) is intended to inform you of certain basic matters relating to our relationship, prior to us providing you with a financial service. The matters covered by the FSG include, who we are, how we can be contacted, what services we are authorised to provide to you, how we (and any other relevant parties) are remunerated, details of any potential conflicts of interest and details of our internal and external dispute resolution procedures and how you can access them. It is intended that this FSG should assist you in determining whether to use any of the services described below.

The distribution of this FSG has been authorised by Powell Capel Securities Pty Limited.

You should also be aware that you are entitled to receive a Statement of Advice whenever we provide you with any advice which takes into account your objectives, financial situation and needs. The Statement of Advice will contain the advice, the basis on which it is given and information about fees, commissions and associations which may have influenced the provision of the advice. The Statement of Advice will also explain to you any significant risks of investments and strategies which we recommend to you. If you do not understand any aspect of the advice and recommendations or risks involved, we ask that you bring this to our attention for further explanation and clarification. You should be completely comfortable with the investment decisions that you ultimately make.

In the event we make a recommendation to acquire a particular financial product (other than securities) or offer to issue or arrange the issue of a financial product, we must also provide you with a Product Disclosure Statement containing information about the particular product which will enable you to make an informed decision in relation to the acquisition of that product.

Key information is set out in answer to the questions below.

1. Before you get our advice

Your questions	Our answer
Who will be providing the financial service to me?	<p>The Licensee providing the financial service is:</p> <p>Powell Capel Securities Pty Limited Commercial Suite 6, 1st Floor, Epica Tower, 9 Railway Street, Chatswood NSW 2067</p> <p>Postal: PO Box 71, Chatswood NSW 2057</p> <p>Tel: (02) 9410 0999 Fax: (02) 9410 3099 Mobile: 0417 221 843 Email: pcs@powellcapel.com.au</p> <p>This FSG is issued with the authority of Powell Capel Securities Pty Limited (“Powell Capel”), the Authorising Licensee. Australian Financial Services Licence No.: 220403</p> <p>Powell Capel is a Principal Member of the Financial Planning Association of Australia (FPA) and must comply with the FPA’s Code of Ethics and Rules of Professional Conduct.</p> <p>Powell Capel is also a member of the Boutique Financial Planning Principals Group.</p>
Who is my Adviser?	<p>Your adviser will be: Keith Powell BEc (Syd) FCPA (FPS) CFP JP Authorised Representative No: 222157</p> <p>Keith has a Bachelor of Economics degree from Sydney University majoring in Law and Accountancy. He is also a Fellow of the Australian Society of Certified Practising Accountants (FCPA) and holds a specialist designation in Financial Planning. He is a Certified Financial Planner (CFP), the highest qualification in financial planning and recognised worldwide. Keith has over 30 years experience in corporate Australia. Keith’s roles have included Finance Director with a number of public corporations both in Australia and overseas.</p> <p>Keith also has over 20 years experience in the Financial Services Industry ranging from Managing Director of a Funds Management group to a senior adviser in receipt of a number of industry awards.</p> <p>Supporting Keith in administrative issues is Jennifer Powell. Jenny is a Representative of Powell Capel and is PS146 compliant, having undertaken financial planning studies. Jenny has worked in the financial planning industry for over 14 years.</p>

<p><i>What kinds of financial services are you authorised to provide me and what kinds of products do those services relate to?</i></p>	<p>We are authorised to offer you the following services:</p> <ul style="list-style-type: none"> ▪ Financial planning ▪ Retirement planning ▪ Superannuation and Rollover strategies ▪ Self-managed superannuation ▪ Corporate Superannuation Plans ▪ Life insurance ▪ Retrenchment ▪ Negative gearing ▪ Taxation planning ▪ Sharemarket investments ▪ Social Security planning <p>The kinds of products to which this advice may relate include:</p> <ul style="list-style-type: none"> ▪ Securities ▪ Superannuation ▪ Retirement Income stream products such as allocated pensions, non-commutable allocated pensions and life annuities ▪ Government debentures, stocks or bonds ▪ Managed Investment products (listed or unlisted) ▪ Warrants and structured investments ▪ Life Products – risk insurance cover ▪ Margin lending facilities <p>We offer personal advice tailored to suit your particular needs and circumstances. Providing investment advice is not just a matter of selecting a portfolio of those investments most likely to perform. Every investor's needs, objectives, aspirations and risk profile are different and the real expertise in financial planning is understanding these individual investor characteristics.</p> <p>Ongoing portfolio review services are offered to our clients as we believe this is an essential ingredient in assisting you to achieve your financial goals and to ensure that the investments remain appropriate</p>
<p><i>Who do you act for when you provide financial services to me?</i></p>	<p>Powell Capel is privately owned and no institution or product provider has any ownership interest in Powell Capel. Therefore Powell Capel makes recommendations that are tailored to our clients' needs and objectives.</p> <p>Powell Capel is a Principal Member of the Financial Planning Association.</p>
<p><i>How will I pay for the service?</i></p>	<p>Powell Capel will either provide the services by way of an establishment fee and ongoing services by way of an agreed Adviser Service Fee, generally paid by the applicable fund manager(s) where your business is placed, or Powell Capel will negotiate a fee for service basis with you. All of these fees will be discussed with you in our initial meeting and set out in detail in your Statement of Advice to be prepared by your adviser. The methods of remuneration and worked examples are set out on the following page in more detail.</p>
<p><i>Do you receive remuneration, commission, fees or other benefits in relation to providing the financial services to me and how is that commission calculated?</i></p>	<p>All fees, remuneration and commissions are payable direct to the Licensee, Powell Capel.</p> <p>Your adviser, Mr Keith Powell, is remunerated by means of a salary from Powell Capel, but no other incentive bonuses or commissions are paid to Mr Powell.</p> <p>Mr Powell is also a director and part owner of Powell Capel and as such, may receive dividends paid by Powell Capel.</p> <p>The method of remuneration to Powell Capel will depend on the most convenient method for you to pay for our services. The amount charged will generally depend on the level of complexity of the advice provided. An explanation of our usual charges is set out below.</p> <p><u>Establishment costs</u> for investment placements can be represented by an entry fee charged as a percentage of the investment capital placed. This can either be charged by way of invoice direct from Powell Capel or an entry fee can be charged by the fund manager(s) where the investment is placed, deducted from your initial capital and paid to Powell Capel by the fund manager(s). Standard entry fees charged by fund managers or product providers can generally range from 0% to 4%. Powell Capel would usually reduce the entry fees for you for a material portion of this fee. Where no standard entry fee is charged, some fund managers</p>

	<p>allow for an upfront establishment fee to be agreed with the client, deducted from the initial capital and paid to Powell Capel.</p> <p><i>Worked example</i> - if the rebated entry fee is 1.1% (including GST) and the capital invested is \$100,000 with 100% of the entry fee payable to Powell Capel, then the product provider would deduct \$1,100 from your initial capital and pay this to Powell Capel. This may also include an RCTI rebate of the GST portion.</p> <p>An <u>Adviser Service Fee</u> is agreed with you for our ongoing remuneration. This can be either charged by way of invoice direct from Powell Capel or more usually deducted from your account by the fund manager and paid to Powell Capel on a monthly or quarterly basis. This remuneration may range from 0% to 0.9% p.a. of the account balance. Some fund managers may pay an ongoing trail brokerage to Powell Capel which forms part of their administration fees. This can either be deducted from your account balance by the fund manager or declared in the unit price of the particular fund(s) and not deducted from your account balance.</p> <p><i>Worked example</i> - if your account balance was \$100,000, and an Adviser Service Fee of 0.6% p.a. had been agreed with you for our remuneration, then Powell Capel would be paid \$50 per month (including GST) by the fund manager(s). You may receive some RCTI rebate of the GST component such that 0.559% p.a. would be charged to your account but Powell Capel would be paid 0.6% p.a.</p> <p>With <u>risk insurance</u>, the ongoing fees paid to Powell Capel may range from 0% to 22% p.a. of the premium, depending on the type of policy recommended. These payments are paid by the product provider to Powell Capel and are calculated in the premium cost. This may include a rebate to you by Powell Capel of the standard fee charged. For risk insurance through superannuation, the remuneration is paid monthly deducted from the premiums paid by you from your superannuation account. For risk insurance through a stand-alone policy, the remuneration is paid to Powell Capel from the premiums charged by the product provider and paid by you.</p> <p><i>Worked example</i> - if you had a Life and TPD policy through your superannuation, where the premium charged by the product provider for that insurance cover was \$10 per month and Powell Capel was entitled to 22% p.a. commission, then the product provider would pay Powell Capel approx \$2.20 per month from the premium deducted from your account.</p> <p><u>Other forms of Remuneration</u></p> <p>In certain circumstances, it may be agreed with a client to enter into an agreement for a fee for service model. This may be in the form of an asset based fee that could range from 0% to 1% p.a. or an agreed amount as a retainer for the placement of investments and ongoing service. In these circumstances, the agreement will be documented prior to the placement of business.</p> <p>For example, for a client with say \$5 million or over invested with Powell Capel on which Powell Capel is providing advice, a retainer of say 0.4% p.a. of funds under management could be arranged and invoiced quarterly in arrears, amounting to \$5,000 per quarter.</p> <p>If any aspect of these fees or commissions is not entirely clear to you, ask your adviser to explain. Referrals are usually provided to us by word of mouth.</p>
<p><u>What is the Planning Process?</u></p> <p><u>Stage One: Initial Meeting</u></p>	<p>An initial appointment to determine whether we can assist is arranged. The cost for this meeting is of no charge to you, but absorbed by Powell Capel. At this meeting your overall circumstances, financial details and objectives are discussed and a Personal Analyser completed. We must have an understanding of these matters before we can provide comprehensive advice. Following our discussions you will determine whether you wish us to proceed with the preparation of a Statement of Advice (“SoA”) and details of the SoA preparation fee will be agreed with you. By law, all advice must be provided by way of an SoA.</p> <p>The SoA preparation fee will be based on the level of complexity of the advice required. This fee may attract some rebate with the placement of business through Powell Capel. If no investment placement is proceeded with, then the full amount of the SoA preparation fee will become due and payable. The fee will generally range from \$250 to \$2,000, depending on the complexity.</p> <p>For our <u>corporate superannuation clients</u> who are members of a corporate super plan where Powell Capel has been nominated as the appointed Adviser to the plan, there will be no charge for any advice provided on the plan features, investments, asset allocation or risk insurance. For advice provided that is personal in nature which falls outside of the basic operations of the corporate super plan, then a SoA plan preparation fee, an establishment fee and an ongoing Adviser Service Fee may apply. These will be explained and detailed in the SoA to be prepared.</p>

<p><u>Stage Two: SoA Preparation</u></p>	<p>Powell Capel will prepare a written record of our advice to you which will cover:</p> <ul style="list-style-type: none"> ▪ an analysis of your current situation; ▪ identification of lifestyle and investment objectives and goals; ▪ evaluation of estate planning and risk insurance issues; ▪ evaluation and recommendation of appropriate strategies to achieve your objectives; ▪ evaluation and recommendation of appropriate products to achieve the strategies recommended; ▪ full disclosure of all fees, remuneration or commissions that may result from the placement of the recommendations ▪ presentation of the SoA to you at a further meeting, including a full discussion of the strategies and product recommendations made. <p>You will receive the plan preparation fee by way of invoice from Powell Capel at the time the SoA is presented to you.</p>												
<p><u>Stage Three: Implementation</u></p>	<p>When you have read the SoA, Product Disclosure Statement(s) and other relevant information, you should ask any questions or advise of any information that may have been omitted or overlooked. It is very important that you take full ownership of your financial decisions. We can assist you to make appropriate decisions but those decisions remain yours. If you do not feel totally comfortable in making your decision, then you should seek more information and advice from us until you are entirely comfortable.</p> <p>We will assist with the placement of all investments recommended and agreed. An 'Authority to Proceed' letter is prepared for your signature giving us your authority to proceed with the investment placements.</p>												
<p><u>Stage Four: Ongoing Service and Advice</u></p>	<p>It is important that we regularly review the strategies we have put in place for you. This will mean a review of your investments, a review of the strategy, an assessment of any technical issues, an alteration of your asset allocation and investment portfolio, a face to face meeting with you and a written recommendation and report of our meeting. As a client of Powell Capel, you have unlimited access to my time as your adviser either by way of phone calls and emails together with review meetings and reports. This is embraced within the remuneration set out in the SoA and not an additional charge.</p>												
<p><u>Do any relationships or associations exist which might influence you in providing me with the financial services?</u></p>	<p>Powell Capel is privately owned and operated and has no association with any product provider or institution.</p> <p>In certain circumstances, administration service providers or fund managers may pay Powell Capel additional remuneration from their resources resulting from certain levels of business placed. Should any benefits in additional remuneration be applicable to any products recommended, a disclosure in the Statement of Advice will be made setting out that benefit.</p> <p>The recommendation of an administration service will not influence the selection of underlying investment managers which are critical to the diversification and ultimate performance of your portfolio as the funds are usually wholesale in nature and the wholesale provider offers no remuneration to Powell Capel.</p> <p>Additional Revenue: Powell Capel may receive additional benefits in the form of additional remuneration resulting from the placement of business if the <u>IOOF platform</u> is used. This is not paid from an investor's account balance but from the resources of the platform and is therefore not an additional charge to you. IOOF will pay Powell Capel an additional payment based on quarterly average funds under administration where there is an administration fee charged (i.e. less than \$500,000 combined), according to a set criteria.</p> <p>This criteria is detailed below</p> <table border="1" data-bbox="512 1738 1233 1839"> <thead> <tr> <th>Average FUA (\$m) (excluding balance over \$500,000)</th> <th>Minimum YTD investment placements to Qualify for Payment</th> <th></th> </tr> </thead> <tbody> <tr> <td>5 – 14.99</td> <td>\$3m</td> <td>10 bps per annum</td> </tr> <tr> <td>15 – 24.99</td> <td>\$1.5m</td> <td>15 bps per annum</td> </tr> <tr> <td>25+</td> <td>Nil</td> <td>20 bps per annum</td> </tr> </tbody> </table> <p>It is important to note that this payment is not an additional cost to you and is paid from the administration fees charged by IOOF. This payment may be used by Powell Capel Securities for education and training purposes.</p> <p>Soft Dollar: Powell Capel and/or Mr Keith Powell may receive some minor benefits and marketing support, free investment research, training assistance or other benefits from Fund Managers. If these benefits individually total more than \$300, they will be scheduled on a register that is available for inspection at Powell Capel's office at Chatswood.</p>	Average FUA (\$m) (excluding balance over \$500,000)	Minimum YTD investment placements to Qualify for Payment		5 – 14.99	\$3m	10 bps per annum	15 – 24.99	\$1.5m	15 bps per annum	25+	Nil	20 bps per annum
Average FUA (\$m) (excluding balance over \$500,000)	Minimum YTD investment placements to Qualify for Payment												
5 – 14.99	\$3m	10 bps per annum											
15 – 24.99	\$1.5m	15 bps per annum											
25+	Nil	20 bps per annum											

2. When you receive our advice

Your questions	Our answer
<p><i>Will you give me advice that is suitable to my needs and financial circumstances?</i></p>	<p>Powell Capel is focused on providing personalised financial planning advice. That is, advice personalised to your particular financial circumstances and needs. To deliver such personalised advice, a Personal Financial Analyser is completed to establish your individual investment requirements, financial situation and clarify your future objectives.</p> <p>You have the right to withhold private information from us, but this may compromise the effectiveness of our recommended strategies suited to your circumstances. In that case, we are required to warn you about the possible consequences of us not having your full personal information. While general advice can be provided, the best results are achieved when the Statement of Advice is tailored to meet your specific needs and objectives.</p>
<p><i>What should I know about any risks of the financial products or strategies you recommend to me?</i></p>	<p>It is important for you to understand and accept various risks associated with the investments and strategies recommended. We will explain to you any significant risks of financial products and strategies that we recommend. If you require further explanation, please request your adviser to clarify and explain to you any detail of your Statement of Advice that is not clear to you. You should also read the relevant Product Disclosure Statement(s) and other relevant fund facts or reports provided so that you make an informed decision to invest in a particular product.</p>
<p><i>What information do you maintain in my file and can I examine my file?</i></p>	<p>We maintain records of your personal profile, which includes details of your investment objectives, financial situation and needs. Information is kept on file from the Personal Analyser completed by you and any information that you may provide to us to assist with our understanding of your financial situation. Your adviser also maintains records of any recommendations made to you.</p> <p>We are committed to implementing and promoting a Privacy Policy, which will ensure the privacy and security of your personal information. A copy of our Privacy Policy is enclosed for your information.</p> <p>If you wish to examine your file, you should ask us and we will make arrangements for you to do so.</p>
<p><i>Can I provide you with instructions and tell you how I wish to instruct you to buy or sell my financial products?</i></p>	<p>Yes. You may specify how you would like to give us instructions. For example, by telephone, fax or other means.</p>

3. If you have any complaints

Your questions	Our answer
<p><i>Who can I complain to if I have a complaint about the provision of the financial services to me?</i></p>	<p>We are members of the Credit Ombudsman Service. If you have any complaint about the service provided to you, you should take the following steps:</p> <ol style="list-style-type: none"> 1. Contact your adviser and tell your adviser about your complaint. 2. If your complaint is not satisfactorily resolved within 3 days, please contact the Chief Executive of Powell Capel, Mr Keith Powell or put your complaint in writing and send it to Powell Capel at the address noted at the beginning of this FSG. We will try and resolve your complaint quickly and fairly. 3. If the complaint can't be satisfied to your satisfaction, you have the option of contacting the Credit Ombudsman Service Ltd (COSL). COSL will then be able to advise you as to whether or not they can be of assistance in this matter. COSL can be contacted on: <ul style="list-style-type: none"> Tel: 1800 138 422 Postal: Case Management Team, C/- Credit Ombudsman Service PO Box A252 Sydney South NSW 1235 Fax: 02 9273 8440 Website: www.creditombudsman.com.au <p>This service is provided to you free of charge.</p> <p>Stage 1 of the COSL process is where COSL facilitates discussions and negotiations between the parties. All relevant documents are exchanged and the issues in dispute are identified.</p> <p>Stage 2 is conciliation and the parties come face to face with a conciliator from the COSL national panel. The role of the conciliator is to assist the parties to explore options for settlement of the dispute and to help parties to agree on their own outcome.</p> <p>Stage 3 is where the Ombudsman is requested to make a determination taking into account the relevant law, fairness and reasonableness. If you accept the adjudicator's decision it is binding on the member.</p> <p>If your concerns involve ethical conduct you may wish to consider raising your concerns in writing with the Credit Ombudsman Service. They can be contacted at PO Box A252 Sydney South NSW 1235 or on freecall 1800 138 422.</p> <p>The Australian Securities and Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.</p> <p>Powell Capel holds Professional Indemnity insurance in accordance with the ASIC guideline RG126.</p>