

Financial Services Guide



1 July 2019
Version 11

Commonwealth Private Limited
ABN 30 125 238 039 AFSL 314018

Registered office: Ground Floor, Tower 1
201 Sussex Street, Sydney NSW 2000, Australia

Commonwealth
Private





Contents

1. Who we are	1
2. Important documents you may receive	2
3. What we offer	3
4. How we work	4
5. How we can help you	5
6. Limits on our advice	5
7. Fees that you may pay – for Commonwealth Private clients	6
8. Benefits we may receive – commissions and other benefits	8
9. How your financial adviser is paid	9
10. Protecting your privacy	10
11. What if there's a problem?	11
12. How to contact us	11

About this Financial Services Guide

This Financial Services Guide (FSG) is designed to help you understand what you can expect from us, so you can decide if you want to use our financial services. It explains important information about:

- who we are and how you can get in touch with us
- the services and products we can provide
- the fees we charge and how we're remunerated
- what to do if you have a complaint.

1 Who we are

1.1 About Commonwealth Private

At Commonwealth Private, we offer outstanding personalised service and advice to help you achieve your financial goals.

We serve high net-worth clients with either:

- an annual household income above \$450,000, or
- the intent to invest or borrow \$2.5 million or more.

Our premium tier service, Commonwealth Private Office (CPO), caters for clients and board-controlled entities that need a deeper level of investment advice and engagement, and have investable assets of \$10 million or more. For more information on CPO, please see the Supplementary FSG for CPO.

Commonwealth Private and CPO provide advice to retail and wholesale clients as defined in the *Corporations Act 2001* (Cth).

If you are eligible and accepted to be treated as a wholesale client, we will issue our advice through a Wholesale Client Letter.

This FSG is intended for retail clients.

1.2 Our relationship with the Commonwealth Bank Group

Commonwealth Private Limited ('Commonwealth Private', 'we', 'us', or 'our') holds an Australian Financial Services Licence (AFSL 314018) and is responsible for the financial advisory services we provide to you. All references to 'Commonwealth Private' in this Financial Services Guide mean Commonwealth Private Limited. Any financial advisory services offered are provided by representatives of Commonwealth Private.

Commonwealth Private is a wholly-owned but non-guaranteed subsidiary of Commonwealth Bank of Australia and is associated with other Commonwealth Bank Group companies.

Commonwealth Private has associations with the following related product providers within the Commonwealth Bank Group:

- Commonwealth Bank of Australia
- The Colonial Mutual Life Assurance Society Limited (CMLA) trading as CommInsure
- Colonial First State Investments Limited
- Commonwealth Securities Limited (CommSec)
- Avanteos Investments Limited trading as Colonial First State Custom Solutions and
- Australian Investment Exchange Limited (AUSIEX).

Note: The Commonwealth Bank of Australia (CBA) has announced the sale of CMLA, among other entities, to the AIA Group. CBA, CMLA and AIA Australia Limited have also agreed to enter into a 20-year Distribution Agreement for the provision of life insurance products to customers in Australia. From the date of completion, CMLA will form part of the AIA Group and will no longer be part of the CBA Group. The sale is targeted to complete in the second half of calendar year 2019 but is subject to a number of conditions and regulatory approvals. Please ask me for information on whether the sale has completed to confirm details of the Licensee's current associated entities.

Commonwealth Private is not an authorised deposit-taking institution for the purposes of the *Banking Act (Cth) 1959*. Our obligations don't represent deposits or other liabilities of the Commonwealth Bank.

1.3 Other associations

Commonwealth Private may provide you with financial services and products from related and non-related providers.

Commonwealth Private has an association with Macquarie Investment Management Limited (MIML) as the promoter and distributor of the Private Portfolio Solution Accounts, which are operated by MIML.

Important information

The advice that you receive is not considered independent, impartial or unbiased because:

- Commonwealth Private is part of a corporate group that includes product providers, as described in section 1 of this FSG.
- Your adviser is expected to follow an approved product list (APL) and an off-APL approval process, as explained in section 6 of the FSG.
- Your adviser or Commonwealth Private may receive (as referred to in sections 7 to 9 of this FSG):
 - commissions on life insurance
 - stamping fees paid to facilitate a capital raising
 - gifts or non-monetary benefits of less than \$300 in value from each product provider, each year.

2 Important documents you may receive

If you choose any of our products or services, we may also provide you with these important documents.

Document	Description
<i>Statement of Advice</i>	<p>A Statement of Advice:</p> <ul style="list-style-type: none"> • is provided to you when you receive personal advice (advice that takes into account your objectives, financial situations or needs) • sets out your financial situation, needs and objectives, along with our recommendations • includes: <ul style="list-style-type: none"> – details of your objectives and personal circumstances – the strategies, products and services we recommend – an explanation of our recommendations, including the basis on which they are given – information about our fees, and any commissions or other benefits we may receive and our associations with product providers. <p>If we are providing you with further personal advice, and your circumstances and the basis of this advice haven't significantly changed, we'll keep a Record of Advice (ROA). You can ask your financial adviser to provide you with a copy of this ROA, within 7 years of the provision of the advice.</p>
<i>Product Disclosure Statement</i>	<p>A Product Disclosure Statement:</p> <ul style="list-style-type: none"> • is provided to you when we recommend a particular financial product • contains important information about the product including features, benefits, fees and risks • is designed to help you make an informed decision about the product.

Notes:

- You should read each of the documents carefully before choosing a financial product.
- We only provide personal advice to you when you use the services of one of our representatives. Our regular updates, marketing materials and our website do not contain personal advice. Any advice contained in such content is general advice only.

3 What we offer

3.1 Our products and services

Commonwealth Private is authorised to provide both general and personal financial advice. We're authorised to advise on the following areas and to advise on and deal in the following products.

Product	Service
Advice	<ul style="list-style-type: none"> • Investment portfolio construction and management • Management of direct equity investment portfolios • Strategic financial planning • Superannuation and retirement planning
Deposit and payment products	<ul style="list-style-type: none"> • Basic deposit products • Non-basic deposit products • Non-cash payment products
Insurance	<ul style="list-style-type: none"> • Investment life insurance products and • Life risk insurance products
Investments	<ul style="list-style-type: none"> • Government debentures, stocks and bonds • Investor-directed portfolio services • Securities (domestic and international) • Derivatives • Interest in managed investments • Superannuation and retirement savings accounts • Standard margin lending facility • Foreign exchange contracts

4 How we work

4.1 Providing you with end-to-end support

At Commonwealth Private, we believe that high-quality financial advice is about more than investments and insurance. Instead, it's an end-to-end process that gives you the guidance and expertise you need at every stage of your wealth journey. We take the time to understand your specific needs and goals, so we can create tailored strategies to get you where you want to be.

Your financial adviser will explain each step of our financial advice process in detail, so you know exactly what to expect. Once we understand your individual circumstances and preferences, we can then tailor the process to meet your specific needs. This enables us to take care of your personal and business financial planning needs together – all from a single point of contact.

4.2 Our financial advice process

Step	What happens
1 Initial engagement	We talk through this Financial Services Guide and explain how we can help you.
2 Understanding your goals	We discuss your overall financial situation, as well as your financial and lifestyle goals for the future.
3 Preparing the strategies	Our advice team review your needs, then determine strategies that will help you achieve your goals. We prepare a tailored financial plan that matches you with the best solutions for your circumstances.
4 Presenting our advice	We present a personalised Statement of Advice and clearly explain our recommendations to you. We make sure you understand each recommendation so you can make informed decisions before proceeding.
5 Putting your plan into action	Once you're completely satisfied with your financial plan, we discuss the process for implementing the strategies. We then guide you through the important first steps towards achieving your goals.
6 Ongoing reviews	We will assess the need for ongoing reviews of your financial plan. If you require this service, we will review your financial plan with you at least once a year – or more frequently if there are major changes to your circumstances. With each review, we adjust your financial plan as needed. By checking in with you regularly, we help to keep your financial plan on track over the long term.

5 How we can help you

At Commonwealth Private, our aim is to build a strong and long-lasting relationship with you. That's why our service model is designed to provide you with strategic advice and financial solutions for every stage of your life and career.

As your financial needs and goals evolve, we'll continually shape your financial plan to match – whether you're looking to buy a home, build your wealth, protect your income or prepare for retirement.

5.1 Strategic, investment and insurance advice

We provide strategic and investment advice, including advice on securities, derivatives, ASX-listed products and managed funds.

We also provide tailored insurance advice, with protection strategies for all your personal and business insurance needs

In addition, we offer a transaction without advice service, where you authorise us to transact on your investments on your behalf, but without any personal advice or annual reviews. In this case, you won't receive a Statement of Advice – but we'll confirm all fees and charges with you in writing before we take any action.

Our brokers, CommSec and Ausiex, may also charge a brokerage fee for your transactions. See sections 7 and 8 below for details of fees and charges for our services.

Commonwealth Private is registered with the Tax Practitioners Board as Registered Tax (Financial) Advisers. Based on the information collected from you, your financial adviser will consider the tax consequences that relate directly to the financial advice being provided. However, neither Commonwealth Private nor its financial adviser are Registered Tax Agents, so our financial advice doesn't include an assessment of your overall tax position.

6 Limits on our advice

In some cases, the advice your financial adviser provides may be limited because:

- you've only given us limited personal information and/or financial information
- you've requested scaled advice that doesn't cover your total financial situation
- your financial adviser can only advise you on products permitted under our licence, or
- you are not physically located in Australia to receive financial services or advice.

The advice services or product recommendations that your financial adviser can provide may be limited, based on their authority or restriction to certain products as a representative of Commonwealth Private. These limitations may include derivatives and foreign exchange. Your financial adviser cannot provide advice on general insurance.

Your financial adviser can only recommend products listed on the Commonwealth Private Approved Product List which contains both Commonwealth Bank Group products and financial products issued by external providers. A product must meet our selection criteria and approval process to be listed on our Approved Product List. Where your needs and objectives require a product not on the Approved Product List, there is a one-off approval process available to your financial adviser.

Your financial adviser can only provide financial services and/or advice when you are physically located in Australia. Any financial services or advice provided while you are located outside of Australia may be subject to foreign jurisdictions laws and regulations. This applies to both initial advice and ongoing advice and services.

When making financial recommendations, your financial adviser will consider any tax, legal and estate planning implications that relate directly to the advice provided. However, we are not specialised in these areas. If you need specialist advice, we can put you in touch with experts in any of those fields.

7 Fees that you may pay – for Commonwealth Private clients

As a Commonwealth Private client, you may be charged a range of fees or other costs for the advice you receive and the financial products acquired. These fees and other costs are paid to us and not directly to your financial adviser.

Your financial adviser will explain any fees or costs that may apply. You'll be given details of any charges at the time we provide you with personal financial advice or execute a transaction on your behalf. Detailed information about any fees, commissions and other benefits we may receive will be included in your Statement of Advice or Record of Advice.

Where we are aware that you have used borrowed funds (either secured or unsecured) to invest through us, we will charge you a flat dollar advice fee.

You'll find details about types of fees (which include GST) that we may charge for our services in the following sections. You can choose to pay fees directly to us or tell us to deduct the fee from a product. For CPO clients, please refer to the Supplementary Financial Services Guide issued with this FSG.

7.1 Initial advice fee

The Initial Advice fee includes all upfront costs, except for insurance premiums, as well as other costs that we may incur for providing other services. Upfront costs may include product entry fees, one-off adviser service fees, one-off plan service fees, upfront fees or a combination of these.

Our initial advice fee will be based on the scope and complexity of the advice and services we are going to provide you, and take into account your particular circumstances and any requests you may have made. We may calculate the fee using a range of methods, including but not limited to using an hourly rate.

For example, if the initial advice fee was based on an hourly rate of \$990 and providing the service took us 10 hours, you would be charged \$9,900.

We'll disclose to you any fees you need to pay before we prepare advice or provide services to you. If you choose to take up our services or advice, we may ask you to pay a deposit, which is generally payable before we present you with your financial plan.

7.2 Fee for service

We may charge a Fee for Service for transacting a financial product for you, providing a service or one-off advice. These fees will generally be based on an hourly rate, and will be agreed with your financial adviser before providing the service. For example, if the hourly rate was \$990 and providing the service took us three hours, you would be charged \$2,970.

7.3 Ongoing service fees

We may charge additional fees when you take up our ongoing services, or invest in retail or wholesale products through us. Any Ongoing Service Fees that we charge will be detailed in your advice document and ongoing service agreement.

We generally recommend you participate in our ongoing service offer. Over time, your objectives and personal circumstances, the economy, government legislation and the global investment landscape will change. As a result, your financial planning strategy and investments need to be assessed on an ongoing basis. Fees for this service range up to 3.3% annually of your investment portfolio's value, or an agreed flat fee. For example, if you have \$1,000,000 under advice and we have agreed an annual ongoing service fee of 3.3%, then you will be charged \$33,000 each year.

7.4 Investment and product related fees

You may be charged a fee for investing money using any of our services. This fee will apply to your total investment amount, and to each additional investment you make to the portfolio. These fees may include, for example, administration fees, management fees, transaction (including buy/sell spreads) and borrowing costs, and separately managed account fees. These fees range from 0-5.5% each year of your total investment amount.

Please note, the maximum product and investment related fees are subject to change. Please check the Statement of Advice and Product Disclosure Statement (PDS) at the time of your advice to confirm the product-related fees payable to the product issuer that apply to the products we have recommended to you.

For example, if you had \$1,000,000 invested in a product with a 2.2% annual investment and product-related fee, the product provider would charge you \$22,000 each year.

7.5 Brokerage fees

Brokerage fees apply for all transactions on securities, derivatives and listed investments that you carry out with your financial adviser. They are charged by our brokers, CommSec and Ausiex, for conducting your transactions. These fees may be up to 2% of the value of the transaction, with a minimum of \$150 per trade, and are charged in addition to our investment and product-related fees and advice fees.

For example, if you were selling \$100,000 of a share, you would be charged a brokerage fee of up to \$2,000.

There may also be other one-off fees for administrative services, such as clearing house fees.

8 Benefits we may receive – commissions and other benefits

8.1 Commissions

We're remunerated directly through the fees we charge you. However, where permitted by law, we may receive initial or ongoing commissions from the product and service providers, including those within the Commonwealth Bank Group. There is no additional cost to you when we receive a commission.

An initial commission is a one-off payment made when entering a financial product. We may receive ongoing commissions while you hold a particular financial product. The product provider usually pays

these amounts directly to us out of their revenue. Sometimes, they may deduct our commission from the premiums you pay to the product provider.

When we provide personal advice or make a recommendation, we'll let you know the details of our remuneration arrangements with product providers.

When we arrange life insurance through a life insurance provider, they may pay us an upfront or ongoing commission (or both).

8.2 Overview of commissions

The types of commission we may receive are explained in the next section and include GST.

Product	Commission	How much	Example
Life Insurance	Initial commission	0% – 130%* of the annual premium or any increase to the premium if you increase your cover	For a first-year premium of \$1,000 for a policy commenced on 1 February 2019, with an initial commission of 77%, we would receive \$770.
	Ongoing commission	0% – 40%* annually of the annual premium for the duration of the policy or any increase to the premium if you increase your cover	For a renewal premium of \$500 on an insurance policy with an ongoing commission of 22%, we would receive \$110 annually.
Investments	Margin and protected portfolio loans	Up to 3% annually of interest, where a geared investment is made through a margin or protected portfolio loan	For every \$100,000 borrowed at an annual interest rate of 10% (\$10,000 each year), the provider keeps 7% (\$7,000) and pays us 3% (\$3,000).
	New issue of securities	We may receive fees from an issuing company when we lodge successful applications for investments in new issues. This may include stamping or sell fees, and arranger fees which are generally calculated as a percentage of the value of the securities issued for successful applications. Check the relevant prospectus or offer document for details	For example, if a stamping fee of 0.75% plus an arranger fee of 0.5% to the value of total successful applications lodged by Commonwealth Private of \$1,000,000, then we would receive \$12,500.

*For new policies issued from 1 January 2019 and before 1 January 2020, the maximum initial commission is 77% and the ongoing commission is 22%. For new policies issued from 1 January 2020 onwards, the maximum initial commission is 66% and ongoing commission is 22%.

8.3 Payments or commissions on referrals

You may be referred to another Commonwealth Bank Group adviser, an external adviser or other specialist if they can better meet your needs and objectives.

Commonwealth Private does not pay or receive referral fees or commissions.

8.4 Disclosure of remuneration

If we receive any remuneration, commission or other benefits for providing services to you and it's calculable at the time we provide personal advice, we'll tell you what the amount we receive on specific financial products will be at the time we provide the personal advice, or as soon as practicable after.

For remuneration that isn't calculable at the time we provide you with personal advice, we'll explain how this it is to be calculated at the time we provide the personal advice, or as soon as practicable after.

9 How your financial adviser is paid

Your financial adviser is paid a salary – they don't directly receive any commissions or fees. However, they may receive an annual bonus payment if they achieve agreed objectives around client advocacy, business outcomes, leadership, strategic execution and risk management.

Our representatives may also be eligible to:

- share in monetary and non-monetary incentives rewarded for outstanding service
- receive a free grant of Commonwealth Bank shares under the Employee Share Acquisition Plan (ESAP)
- participate in our long-term incentive program, based on the representative's contribution to our business over time – which offers Commonwealth Bank shares that only vest at a specified time in the future once we achieve a certain share performance
- receive non-monetary benefits – for example, business lunches, tickets to sporting and cultural events, national or international study tours, corporate promotional merchandise and other non-monetary benefits from product providers. All benefits received are subject to strict limits and are recorded in a Gifts & Entertainment register that is regularly monitored.

10 Protecting your privacy

10.1 Our privacy policy

The privacy of your information is important to us. Any information we collect will comply with our privacy policy, which meets the requirements of the Privacy Act 1988 in regard to handling customer information. The Commonwealth Bank Group's Privacy Policy will help you decide how to complain, understand how your complaint is dealt with and provide further information on our personal information handling practices. You can get a copy of the policy from your Financial Adviser or find it online at [commbank.com.au/privacy](https://www.commbank.com.au/privacy)

10.2 Collecting your information

We collect personal information about you when you meet with your financial adviser, request or use our services, email us, phone us or visit our website. We need up-to-date information about you, so we can give you the right financial advice for your circumstances. You will gain the most benefit from our advice and services if you give us details about:

- your personal goals
- your current financial situation and needs
- any other relevant information.

If we need to collect sensitive information, such as health and lifestyle information for example, for insurance purposes, we will ask you for your consent.

We may also collect information about you from others, such as service providers, agents, advisers, brokers, employers or family members.

You can choose not to share this information with us. However, this may mean we can't provide you with advice, or can only provide general advice that isn't tailored to your personal financial situation, needs and goals.

To access your personal information, please contact your adviser. If your personal information is incorrect, we can correct it according to our Privacy Policy.

10.3 Using and storing your information

We collect, exchange and use your information so that we can:

- provide advice that is appropriate for your objectives, financial situation and needs
- manage our relationship with you
- price, design and administer our services or inform you about other products and/or services that may be of interest to you
- manage our risks, help identify and investigate illegal activity, comply with our legal obligations, and assist government and law enforcement agencies.

The law requires us to establish your identity and assess applications for products and services by verifying your full name, date of birth and residential address and to do so, we need to sight and maintain records of various identification documents, such as a drivers licence or passport.

10.4 Exchanging your information

We may exchange your personal information with other members of the Commonwealth Bank Group who can use this information in the same way we can. We disclose information to third parties as permitted by law or for the uses listed below. Third parties include service providers where we outsource activities, persons acting on your behalf, other financial institutions, auditors, insurers, employers and government agencies. We may disclose your information overseas to overseas Group members, service providers or other third parties who operate or hold data outside Australia, or when required for a particular transaction or by overseas law. Australian law may not apply to some of these overseas parties.

10.5 Respecting your privacy

We are committed to ensuring the privacy and security of your personal information. The Commonwealth Bank Group's Privacy Policy will help you decide what to do if you need to complain, understand how your complaint is dealt with and provide further information on our personal information handling practices. Please refer to the Group's Privacy Policy available at [commbank.com.au/privacy](https://www.commbank.com.au/privacy), from your adviser.

11 What if there's a problem?

11.1 Making a complaint

We try to get things right the first time – but if we don't, we'll do what we can to fix it. You can resolve most issues simply by calling your financial adviser and explaining the problem. It can also make things easier if you gather all the relevant facts and documents together, and let your financial adviser know exactly what you want them to do.

If you are not satisfied with this option and wish to proceed further, you can contact the Commonwealth Bank's Customer Advocate for an independent review of your complaint. The Customer Advocate can be contacted via:

Customer Advocate

Commonwealth Bank of Australia
Reply Paid 88915
Sydney NSW 2001

Free call: **1800 832 806**

Email: customeradvocate@cba.com.au

If you're still not satisfied and wish to take the complaint further, there are different options available. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to customers.

Australian Financial Complaints Authority

GPO Box 3
Melbourne VIC 3001

Free call: **1800 931 678**

Online: www.afca.org.au

Email: info@afca.org.au

11.2 Compensation arrangements

Our professional indemnity insurance satisfies the compensation arrangements required under Australian law, section 912B of the Corporations Act. We are also covered for claims against former representatives while they acted on our behalf.

12 How to contact us

If you need to give instructions to your financial adviser, you must do so in person or by calling, mailing or emailing them directly. Generally, you will need to give us signed instructions to give us authority to proceed with implementing your instructions. However, for some services, special arrangements can be put in place to instruct your financial adviser by telephone or email.

For other general enquiries, please use the contact details below.

Toll free call: **1300 362 081**

[commbank.com.au/commonwealthprivate](https://www.commbank.com.au/commonwealthprivate)

Commonwealth Private
GPO Box 5229
Sydney NSW 2001

commonwealthprivate@cba.com.au

Commonwealth Private Limited
ABN 30 125 238 039 AFSL 314018

commbank.com.au/commonwealthprivate

CBA1474 010719

