

Commonwealth Private

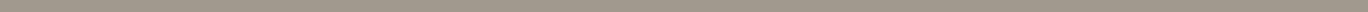
Financial Services Guide

Date of issue:
22 June 2015 Issue 10

Commonwealth Private Limited
ABN 30 125 238 039 AFSL 314018

Registered office: Ground Floor,
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Sydney NSW 2000, Australia





Financial Services Guide

About this Financial Services Guide

This Financial Services Guide (“FSG”) is an important document which is designed to help you consider whether to use our financial services and provide you with an understanding of what you can expect from us.

The FSG contains important information about:

- ▶ who we are and how we can be contacted
- ▶ the services and products we are authorised to provide
- ▶ how we (and other relevant parties) are remunerated
- ▶ who to contact if you have a complaint.

Other documents you may receive

You may also receive other important documents if you choose to engage in any of our products or services.

These include:

Statement of Advice

A Statement of Advice (“SoA”) is a document that sets out your needs, goals, financial situation, and your Private Wealth Manager’s financial product recommendations. You will receive this document as a retail client when we provide you with personal advice that takes into consideration your needs, goals and financial situation.

The SoA will contain:

- ▶ details of your objectives and personal circumstances
- ▶ the advice, including the strategy, products and services recommended
- ▶ the basis on which the advice is given
- ▶ information about fees, commissions and associations with any other party that may influence the provision of this advice.

Where you maintain an ongoing advice relationship with us, a SoA may not be provided for further personal financial product advice situations, provided that your circumstances and the basis of the advice have not significantly changed. However, we are required to maintain a Record of Advice (RoA). You may request a copy of this Record of Advice at any time. Any request must be made within seven years of the provision of such advice to your Private Wealth Manager.

Advice Confirmation

An Advice Confirmation letter may be provided to you by a Private Wealth Manager – Investments where you are only seeking advice on financial products, and you are eligible and elect to be considered as a ‘wholesale client’ (as defined by the Corporations Act 2001). Being a much shorter document, it will only contain brief particulars of your relevant personal financial circumstances, the Private Wealth Manager – Investments’ recommendations and information relating to any fees, brokerage and/or commissions.

Product Disclosure Statement

A Product Disclosure Statement (“PDS”) is a document (or group of documents) that describes a financial product. A PDS contains important information about the particular product including the features, benefits, fees and risks associated with that product to assist you to make a decision about the product. If a recommendation is made to acquire a particular financial product (other than securities) or an offer is made to issue a financial product, we will provide you with a PDS.

About Commonwealth Private Limited

“Commonwealth Private” is a registered trademark of the Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 (‘Commonwealth Bank’). Commonwealth Private Limited (‘Commonwealth Private’, ‘we’, ‘us’ or ‘our’) is the holder of an Australian Financial Services Licence (AFSL 314018) and is responsible for the financial advisory services provided to you. All references to “Commonwealth Private” within this FSG mean Commonwealth Private Limited. Any financial advisory services offered are provided by representatives of Commonwealth Private. Any banking services offered are provided by representatives of Commonwealth Bank.

Commonwealth Private is a wholly owned but non-guaranteed subsidiary of Commonwealth Bank 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, The Colonial Mutual Life Assurance Society Limited (CMLA) trading as Commlnsure, Commonwealth Insurance Limited (Commlnsure), Colonial First State Investments Limited, Commonwealth Securities Limited (CommSec), Avanteos Investments Limited trading as Colonial First State Custom Solutions, Commonwealth Managed Investments Limited and Colonial Mutual Superannuation Pty Limited.

Any references to ‘Commonwealth Bank Group products’ relate to products issued by the Commonwealth Bank of Australia or its subsidiaries. Commonwealth Private may provide you with financial services and products from related and non-related product providers.

Commonwealth Private is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and our obligations do not represent deposits or other liabilities of Commonwealth Bank.

Commonwealth Private is registered with the Tax Practitioners Board as a Registered Tax (Financial) Adviser. Based on the information collected from you, your Private Wealth Manager will consider the tax consequences that relate directly to the financial advice being provided. However, Commonwealth Private is not a Registered Tax Agent and consequently this advice does not include an assessment of your overall tax position. As such, we strongly recommend you review this advice with a Registered Tax Agent for the purpose of completing tax returns.

Our specialist Private Wealth Managers

Commonwealth Private's representatives who are designated as Private Wealth Managers provide the following specialist personal advice:

Strategic advice – including strategies and structures designed to help you achieve your goals

Investment advice – including portfolio construction, management and advice

Insurance advice – providing personal risk insurance recommendations for you and your family

Our financial services and financial products

Commonwealth Private is authorised to offer advice (both general and personal) and deal in the following financial services and financial products:

- ▶ basic deposit products
- ▶ non-basic deposit products
- ▶ non-cash payment products
- ▶ government debentures, stocks or bonds
- ▶ investment life insurance products
- ▶ life risk insurance products
- ▶ general insurance products
- ▶ investor directed portfolio services
- ▶ retirement savings account products
- ▶ securities (domestic and international)
- ▶ derivatives
- ▶ interest in managed investments
- ▶ superannuation
- ▶ standard margin lending facility
- ▶ foreign exchange contracts

We provide an extensive range of financial advice including:

- ▶ portfolio construction and management
- ▶ management of direct equity investment portfolios
- ▶ strategic financial planning
- ▶ superannuation and retirement planning
- ▶ personal and business insurance

Personal financial advice

For Commonwealth Private to give you appropriate personal financial advice, you will need to provide details of your personal objectives, current financial situation, needs and any other relevant information.

You do not have to provide us with this information. If you choose not to provide this information, however, we may not be able to provide you with advice, or the advice you receive may be general in nature and may not be appropriate to your objectives, financial situation and needs. You should read the warnings provided in any document that we provide to you carefully in regard to any decision relating to a financial product.

We only provide personal advice to you where you use the services of one of our representatives. We will not give you personal advice in our regular updates or marketing material, or when you visit our website.

We maintain a record of your completed personal profile including details of your objectives, financial situation and needs. We also maintain records of any recommendations made to you. For more information on how to access these records, please refer to the 'Client information' section on page 10.

Limits on the advice

It is important to understand that the advice your Private Wealth Manager provides may be limited because:

- ▶ you have only provided personal information
- ▶ you have sought scaled advice e.g. only in respect of insurance
- ▶ your Private Wealth Manager has limited authorisation e.g. is not a tax agent
- ▶ your Private Wealth Manager is restricted to advising on products on our approved product list
- ▶ your Private Wealth Manager is restricted to dealing and advising on products permitted under our licence.

In formulating recommendations, your Private Wealth Manager may consider taxation, legal and estate planning implications. As we are not specialists in these areas, you should seek further advice, as relevant, from an appropriate specialist. If you want specific advice you should consult a specialist in that field. We can provide you with details of specialists on request.

Insurance arrangement with CommInsure

We have authority on behalf of CommInsure to advise you that your insurance cover application has been accepted and when that insurance cover commences. We do not have authority on behalf of the relevant insurers to deal with or settle your claim against them.

Providing instructions to Commonwealth Private

You can give your Commonwealth Private Wealth Manager instructions in person or by telephone, mail or email.

Our contact details are shown below:

Mail Commonwealth Private
GPO Box 5229
Sydney NSW 2001

Toll free 1300 362 081

Email commonwealthprivate@cba.com.au

Website www.commbank.com.au/commonwealthprivate

Payments to Commonwealth Private for services provided

Commonwealth Private charges fees for the services and products it provides. Where we provide you with personal advice, detailed information about fees, commissions or other benefits we may receive will be provided within your SoA, RoA or Advice Confirmation letter. These fees may be charged in various ways, including:

- ▶ advice preparation fees
- ▶ an advisory fee or ongoing service fee, e.g. initial fee, account fees, management fees (which include transaction, ongoing and, if applicable, any borrowing costs) and/or brokerage
- ▶ administration fees
- ▶ fees based on funds under management or advice
- ▶ commissions for insurance products

Commonwealth Private may receive commissions from some product providers other than for insurance for some pre-existing arrangements.

Our Services

Commonwealth Private provides personal financial advice. This means that we will take into account one or more of your objectives, financial situation and needs. An SoA or Advice Confirmation letter will generally be issued and will be provided by one of our Private Wealth Managers.

Strategic Financial Advice

We will provide strategic advice tailored to your specific needs and objectives. This can be **Comprehensive Strategic** or **Scaled Financial Advice**. Both of these services come with ongoing advice which includes an offer of an annual review of your strategic and investment advice.

Comprehensive Strategic Financial Advice

This service considers all of your individual needs and objectives, your investment time frame and tolerance for risk.

As a part of this service, you will receive a comprehensive strategy which may include any or all of the following relevant areas of advice:

- ▶ asset allocation
- ▶ specific investments in securities, derivatives, ASX listed products and/or managed funds
- ▶ superannuation
- ▶ gearing strategies
- ▶ wealth protection (through the use of income protection, trauma or life insurance)
- ▶ retirement planning
- ▶ redundancy/early retirement.

We will formulate an appropriate investment strategy and then create a personalised and comprehensive SoA. In formulating recommendations, your Private Wealth Manager may consider taxation, legal and estate planning implications. As we are not specialists in these areas, you should seek further advice, as relevant, from an appropriate specialist. Should you accept the recommendations contained within the SoA, we will then assist you with the implementation of the recommendations. If you require insurance, you may be issued a separate Insurance-only SoA from a Private Wealth Manager – Insurance.

The Comprehensive Strategic Financial Advice service offers you an ongoing advisory relationship and associated services. Through an ongoing relationship, we will ensure that the recommendations given in the original SoA remain relevant to your changing situation, legislative changes and market developments. This service also includes an investment review at least annually.

Fees payable for our Comprehensive Strategic Financial Advice will be disclosed in your SoA. The fees are explained in the 'Fees and charges for advice services' section on page 8.

Scaled Financial Advice

This service allows prompt preparation of a SoA scaled in its scope in areas of either strategy and structure, or investment selection and insurance. The scope of the advice provided is scaled by the client who generally provides limited information of a personal and financial nature and/or requests advice limited to a specific area. With this service you can limit the advice delivered to any of the specific areas listed above under the Comprehensive Strategic Financial Advice service.

The SoA we prepare under this service will address your specific needs and goals as you have identified and may not necessarily consider your entire financial situation.

The Scaled Financial Advice service offers an ongoing advisory relationship and associated services. Through an ongoing relationship, we will ensure that the recommendations given in the original SoA remain relevant to your changing situation, legislative changes and market developments. This service includes an investment review at least annually.

Fees payable for our Scaled Financial Advice service will be disclosed in your SoA. The fees are explained in the 'Fees and charges for advice services' section on page 8.

Investment advice

Our service includes advice and execution of investments in financial products including securities, derivatives, ASX listed products and/or managed funds. We can also provide this service to you in conjunction with your Private Wealth Manager – Strategic Advice as part of the Comprehensive Strategic Financial Advice or scaled Financial Advice services.

Brokerage is charged by our broker/agent CommSec when executing your transactions. There may also be incidental fees charged for other administrative services. The fees are explained in the 'Fees and charges for advice services' section on page 8.

Execution (non-advice) service

Upon your request, we can provide an Execution-only service which enables you to instruct us to transact on ASX-listed securities, derivatives and/or managed funds on your behalf. Under this service, we will not provide you with any personal advice and therefore will not take into account your objectives, financial situation and needs. No Statement of Advice or ongoing annual review is provided.

Fees, commissions and/or brokerage payable for the Execution-only service will be agreed with you before proceeding with any transactions under the service. We will also provide you with an Execution-only confirmation document confirming the fees and charges associated with the service.

Further information regarding the fees for this service is provided in the 'Fees and charges' section on page 8.

Insurance only advice

The Insurance-only Advice service provides you with advice limited to your specific risk insurance needs and is provided to you by a Private Wealth Manager – Insurance.

As part of this service, you will receive a comprehensive strategy which will include the following relevant areas of advice:

- ▶ appropriate levels of cover for Death, Disability, Trauma, Income Protection and Business Expense insurance
- ▶ Business Owner and Partnership insurance, including buy/sell arrangements and Key Person insurance.

A life insurance company may pay us initial and ongoing commission when we arrange life risk insurance or investment life insurance products through that company. As the commission payable may vary with each insurer, your Private Wealth Manager will give you details about the amount when advising you about such products.

We may also have arrangements with insurance intermediaries under which an intermediary may pay us a portion of any commission they receive. Your Private Wealth Manager will give you details about the amount when advising you about such products.

Commonwealth Private Office

The Commonwealth Private Office ('the CPO') is an advisory and dealing service offering designed for the wealth management needs of wealthy families and private individuals. In addition to the comprehensive strategic financial advice, clients are offered a broad range of investment opportunities that provide access to domestic and international listed securities, institutional-type investments, global equity markets and global funds across all asset classes.

Features of the CPO include:

- ▶ Investment advice and opportunities
- ▶ Portfolio administration
- ▶ Implementation of your investment decisions
- ▶ Settlement of your investment transactions
- ▶ Custodial services.

Fees and charges

The following fees may apply for our services and are inclusive of GST:

Service	Preparation of SoA ¹	Investment of funds ^{2,4,5}	Ongoing fees ^{3,4,5}
Comprehensive strategic financial advice	Up to \$20,000 depending on complexity	0%–5.5% (inclusive of GST) and/or brokerage fees or Agreed Fixed Fee for Service	Up to 3.3% (inclusive of GST) p.a. or a flat annual management fee to be mutually agreed or Agreed Fixed Fee for Service
Scaled financial advice	Up to \$10,000 depending on complexity	0%–5.5% (inclusive of GST) and/or brokerage fees or Agreed Fixed Fee for Service	Up to 2.2% (inclusive of GST) p.a. or a flat annual management fee to be mutually agreed or Agreed Fixed Fee for Service
Execution-only (non-advice) service	N/A	0%–5.5% (inclusive of GST) and/or brokerage fees	Up to 2.2% (inclusive of GST) p.a. or a flat annual management fee to be mutually agreed
Insurance-only advice	up to \$2,000	N/A	Refer to the 'Insurance Only Service fees' section on page 7

Notes

1. Fee for preparation of our advice (the SoA)

This fee will be agreed with you prior to commencing work on your SoA. The fee will be payable upon provision of the SoA to you.

Please note that Commonwealth Private reserves the right to charge a higher fee if your requirements are complex. This fee depends on the complexity of your situation, and we will agree this fee upfront with you.

In addition, if your circumstances change significantly after we have prepared an SoA for you, and you require further advice taking into account this change, we may charge another fee for the preparation of a new SoA.

The advice preparation fee is not limited to the preparation of advice on your original investment. You may be charged for additional advice. The fee charged will be agreed with you prior to your Private Wealth Manager preparing the advice.

Charges for ongoing advice will be disclosed in your initial SoA. This service is only offered in conjunction with other advice services where an SoA fee is payable.

We may also negotiate a 'Fee for service' arrangement with you. As a guide, our senior Private Wealth Managers charge \$825 per hour (inclusive of GST) for our advice.

2. Fee for investment of funds

At the time you invest funds under any of the investment services in the table above, you may be charged a fee within the ranges shown. The fee is a percentage of the transaction value. This fee may apply when you invest funds initially under the service and also when you inject new funds into an existing portfolio you hold under the service.

3. Ongoing fee

Where you have invested funds under the investment advisory services in the table above, you may be charged an ongoing fee within the ranges shown. This fee is a per annum percentage of the amount of funds you hold under each service. For example, for a portfolio balance of \$1,000,000 where the maximum ongoing fee of 3% (inclusive of GST) is charged, an amount of \$30,000 is payable.

4. Brokerage fees

Brokerage will apply on all listed securities, derivatives and managed investment transactions undertaken with your Private Wealth Manager. Brokerage charges are up to 2%, subject to a minimum of up to \$150 per trade and is charged by our broker/agent CommSec when executing your transactions. Incidental fees may be charged for other administrative services such as clearing house fees.

Details of any such fees are provided by CommSec and set out in the CommSec Financial Services Guide, refer other fees and charges and terms and conditions. Brokerage fees may be additional charges to fees for our advice services.

5. Fixed Fee for Service

Agreed fixed fee for service will be calculated and charged on the anticipated number of hours required to provide the relevant advice and ongoing service.

Fees paid to Commonwealth Private by product issuers, platform administrators and service providers

Commonwealth Private is remunerated directly through the fees we charge you. With certain products, we may be remunerated by product and service providers, including those within the Commonwealth Bank Group, through commissions. **These fees and commissions are not an additional cost to you.**

In some instances ongoing commissions are paid for the length of time you hold the product. They are usually paid directly to Commonwealth Private by the product provider out of the revenue the product provider earns. In some cases, they may be deducted from the investment management fees or the premiums you pay to these product providers.

We will disclose any such remuneration arrangements when we provide you with any personal advice or make a recommendation to invest, or otherwise when we arrange any investment for you. Below is a summary of the range of commissions we may receive from product issuers where you **purchase their investment or insurance products.**

Insurance only service fees

Below is a summary of the range of commissions we may receive from the product issuer when you purchase their insurance products:

Personal risk insurance**INITIAL COMMISSION**

0% to 130% (inclusive of GST) of the first year's premium. For example, for a first year premium of \$1,000 with an initial commission of 130% (inclusive of GST), Commonwealth Private will receive \$1,300.

ONGOING COMMISSION

0% to 40% of the ongoing annual premium. For example, for a renewal premium of \$500 on an insurance product with an ongoing commission of 30% (inclusive of GST), Commonwealth Private will receive \$150.

Investment product fees**ONGOING COMMISSION**

0% to 3% (inclusive of GST) p.a. of the value of the total portfolio. This is calculated on the closing daily balance and payable monthly. For example, for a portfolio balance of \$1,000,000 where the maximum ongoing fee of 3% (inclusive of GST) is charged, an amount of \$30,000 is payable.

MARGIN AND PROTECTED PORTFOLIO LOANS

Where a geared investment is made via a Margin Loan or a Protected Portfolio Loan, Commonwealth Private may receive a proportion (up to 3% inclusive of GST) of the total interest component payable, from the relevant product provider. This is not an additional charge to you. For example, for every \$100,000 borrowed, at say a 10% interest rate (\$10,000 interest payable per annum), 7% or \$7000 would be retained by the product issuer while the remaining 3% or \$3000 may be paid to Commonwealth Private from the relevant product provider.

New issue of securities

We may receive fees from an issuing company when we lodge successful applications for investments in new issues. Details of such fees are provided in the relevant prospectus or offer document.

Remuneration or benefits paid to us for referring you to another party

In order to better meet your needs and objectives, you may be referred to another Commonwealth Bank Group adviser, an external adviser or risk specialist.

Should this occur, Commonwealth Private may receive up to 100% of any initial fees, brokerage or premium paid, and up to 100% of any ongoing fees or insurance premium commissions received by the specialist adviser to whom we have referred you.

Remuneration or benefits paid to those who refer clients to us

If you have been referred to us by another party and you invest or act on our advice, that person may receive a financial benefit of up to 50% of the initial fees and commissions that have been paid to Commonwealth Private. These referral payments will be detailed in the SoA provided to you.

Remuneration or other benefits received by Commonwealth Private representatives

Our representatives are remunerated by salary from the Commonwealth Bank Group and do not directly receive any commissions or fees. They may be eligible for an annual bonus payment. These bonus payments are discretionary, and based on achievement of pre-determined business objectives and behavioural measures.

Business objectives may include: 'client service', 'business outcomes', 'people engagement' and 'special tasks'.

Our representatives may also be eligible to:

- ▶ share in incentives (both monetary and non-monetary) rewarded for outstanding service
- ▶ receive a free grant of Commonwealth Bank shares under the Commonwealth Bank's Employee Share Acquisition Plan (ESAP)
- ▶ participate in the Commonwealth Bank's long-term incentive program. This incentive is in the form of Commonwealth Bank shares that only vest at a prescribed point in the future where the Commonwealth Bank attains certain share performance hurdles. It is entirely discretionary and is based on a representative's contribution to the business over time
- ▶ receive indirect benefits stemming from advice provided to you. Indirect benefits include such things as business lunches, tickets to sporting and cultural events (including overseas study tours), corporate promotional merchandise and other minor benefits unquantifiable at this stage from product providers whose products they recommend.

Client information

The privacy of your information is important to us. Any client information collected will be handled in accordance with our Privacy Policy.

Telephone conversations with Commonwealth Private representatives may be recorded to ensure our service standards are met and to allow records to be kept of the advice given and orders taken.

Our Privacy Policy details how we comply with the requirements of the Privacy Act in the handling of your customer information. A copy of that policy can be obtained by asking your Private Wealth Manager or visiting our website at www.commbank.com.au/privacy.

We may charge you for accessing and/or photocopying customer information that you request.

Complaints handling

If you are not satisfied with the service or advice you receive from us, you are entitled to complain. We have established procedures to ensure that all enquiries and complaints are properly considered and dealt with.

To save yourself valuable time, gather all the relevant facts and documents, think about the questions you want answered and decide what you want us to do.

Next, contact us via your Private Wealth Manager and explain the problem. A quick call is all that is normally required to resolve most issues.

If your complaint isn't resolved to your satisfaction, you may also contact our Customer Relations team:

Mail Customer Relations
Commonwealth Bank Group
Reply Paid 41
Sydney NSW 2001

Telephone 1800 805 605

Fax 1800 028 542

If you are not satisfied with our response and wish to proceed further, you may refer the matter to the following independent complaint handling bodies:

Tax Practitioners Board

For complaints in relation to tax (financial) advice, being advice which interprets and applies taxation law, please lodge your complaint using the Tax Practitioners Board online complaint form found at this website www.tpb.gov.au.

Financial Ombudsman Service

For complaints in relation to all other financial services or advice, please contact the Financial Ombudsman Service at:

Mail GPO Box 3
Melbourne VIC 3001

Toll free 1300 780 808

Fax 03 9613 6399

Website www.fos.org.au

How do we manage our compensation arrangements?

Where we are liable to meet a claim, payment will generally be paid from our cash flows and available resources.

For claims, we may rely on and claim under the professional indemnity insurances that we hold. These insurances are between us and the insurer and are intended to respond to civil liability resulting from significant claims for compensation made against us for financial services and advice (including tax (financial) advice) provided by us or our representatives.

These insurances provide cover even if one of our representatives has ceased to act or work for us.

Our compensation arrangements comply with the requirements set out in S 912B of the Corporations Act and as required from us by the Tax Practitioners Board.

