

# **Financial Services Guide**



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AFSL License No: 236855

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The financial services referred to in this Financial Services Guide are offered by Peter Rodgers and Ursula Boorman on behalf of Direct Advisers Pty Limited.

The purpose of providing a Financial Services Guide to you is to enable you to compare our services with similar providers and to give you important information about the services we offer, how we charge for those services, how we disclose any potential conflicts of interest and how we manage client complaints.

As part of our ongoing relationship we may provide you with other documents, namely a Statement of Advice as well as Product Disclosure Statements.

In the Statement of Advice we will tell you about:

- Our fees and commissions
- The risks associated with the recommendations made to you
- Any associations that we may have with Financial Product Issuers or any other parties, which may influence the advice we give you.

We may also provide advice to you by way of a Record of Advice (RoA). You have the right to request a copy of the RoA (if you have not previously received a copy) within 7 years of that further advice being given.

The advice provided to you in the Statement of Advice or Record of Advice will be appropriate to your personal needs, objectives and financial situation.

If we recommend a particular Financial Product to you, we will give you information about the particular Financial Product - a Product Disclosure Statement - to help you make an informed decision about the Financial Product.

### **What kinds of financial services are you authorised to provide me and what kinds of Financial Product/s do those services relate to?**

**Direct Advisers Pty Limited** is the holder of an Australian Financial Services Licence (AFSL) No: 236855, which became effective on January 10, 2004.

Our Australian Financial Services Licence authorises us to carry on a financial services business to retail clients by providing financial product advice and allows us to deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:

1. deposit and payment products limited to:
  - (A) basic deposit products;
  - (B) deposit products other than basic deposit products;

2. debentures, stocks or bonds issued or proposed to be issued by a government;
3. life products including:
  - (A) investment life insurance products; and
  - (B) life risk insurance products;
4. interests in managed investment schemes including:
  - (A) investor directed portfolio services;
5. retirement savings accounts ("RSA") products (within the meaning of the Retirement Savings Account Act 1997);
6. securities; and
7. superannuation;

In other words: we are licensed to deal in and to apply for, acquire, vary or dispose of financial products on behalf of another. The relevant products are as follows:

- Unit trusts, both wholesale and retail
- Master funds
- Wrap accounts
- Debentures
- Deposit products
- Securities listed on the Australian Stock Exchange
- Superannuation
- Pensions
- Insurance bonds
- Annuities
- Life insurance – we are life insurance brokers

**Please note that whenever these services are provided by us, we will be acting on your behalf and not on behalf of any product issuer.**

As we believe that advice on home loans is relevant to some financial planning clients, we may also refer you to a mortgage broking service.

### **Business Overview**

Direct Advisers Pty Limited is a boutique financial planning practice providing advice and products to retail clients. Direct Advisers Pty Limited is independently owned by the principals, Peter Rodgers and Ursula Boorman and is not associated with any product provider.

All our advice is prepared by the principals who are supported by our highly trained administrative staff. Founded in 1986 Direct Advisers Pty Limited services clients throughout Australia from its office in Port Macquarie.

Our typical client is either retired or close to retirement with an average investment portfolio value of \$500,000. These clients use our Full Investment

Management Service, which charges a mixture of flat dollar and asset based fees and **rebates all investment commissions**. Full service clients receive a minimum of two formal financial planning reviews each year, plus unlimited adviser access as determined by the client. These client relationships are typically very long term and many of our clients have relationships with us that extend well beyond a decade.

Portfolio construction is based upon the allocation of investments across the asset classes of cash, fixed interest, shares and property according to the client's risk tolerance and investment time frame and is relatively conservative, with a typical balanced portfolio being approximately 50% invested in cash and interest producing investments. Active Investment Management and Diversified Investment Service clients incur no additional fees when changes are made to their investments.

We will not hold any monies on your behalf nor ask you to sign blank documents. Unless you choose to utilize our Managed Discretionary Account service we will not seek discretion to operate your accounts, implement new investments, nor make changes to existing investments, without your written authority. In practice this means that unless we are operating a Managed Discretionary Account for you, all investment recommendations will be given to you in writing and we will require your written authority prior to any implementation or change to your investments. We will not seek, nor hold powers of attorney for you,

We will only recommend an investment to you after considering its suitability for your individual investment objectives, financial situation and needs.

As we only research investments that are on our approved list of recommended investments, **we do not provide advice or recommendations regarding investments not on our approved list.**

***This means that we will only include investments currently on our approved list in portfolios that we manage, this may mean the redemption of your existing investments if they are not on our approved list and you wish us to manage a portfolio on your behalf.***

You may choose the type of financial service that you wish to obtain from us:

1. **Full Investment Management Service** - a pure fee based service for larger portfolios, under which no investment commissions are accepted by us.
2. **Limited Investment Service** – an economical fee based service, under which no commissions are accepted by us, especially suited, but not restricted to smaller portfolios.
3. **Investment Consultancy Service** – all service is provided on a defined fee basis.

4. **Model Share Portfolio Service** – a fee based portfolio approach to direct shares.
5. **No Advice Investment Placement Service** – only available via the internet as an alternative to and not in addition to the above services.

We can provide ongoing management of your investments via either our Active Investment Management Service or Diversified Investment Service

### **Who are my advisers?**

Your advisers will be Peter Rodgers & Ursula Boorman.

Peter Rodgers holds a Bachelor of Arts degree, is a Certified Financial Planner and has in excess of twenty four years experience as a financial planner.

Ursula Boorman holds a Bachelor of Economics degree, a Diploma of Financial Planning, is a Certified Financial Planner and has in excess of twenty one years experience in the financial services industry.

Peter Rodgers and Ursula Boorman are principals and directors of Direct Advisers Pty. Limited.

### **Who will be responsible for the financial services provided?**

Direct Advisers Pty Limited is responsible for the financial services provided including the distribution of this Financial Services Guide.

Direct Advisers Pty Limited ABN: 82 056 697 342, Australian Financial Services Licensee, no: 236855 of 106 William Street, Port Macquarie NSW

Direct Advisers Pty. Limited is a Principal Member of the Financial Planning Association of Australia and the Boutique Financial Planners Principal's Group.

### **What information should I provide to receive personalised advice?**

You need to provide us with details of your personal objectives, your current financial situation and any relevant information, so that we can offer you the most appropriate advice possible.

You have the right not to tell us, if you do not wish to. However, if you do not, the advice you receive may not be appropriate to your needs, objectives and financial situation.

You should read the warnings contained in the Statement of Advice carefully before making any decision relating to a Financial Product.

## What information do you maintain in my file and can I examine my file?

We maintain a record of your personal profile including details of your objectives, financial situation and needs. We also maintain records of any recommendations made to you.

We are committed to implementing and promoting a privacy policy, which will ensure the privacy and security of your personal information.

If you wish to examine your file please ask us. We will make arrangements for you to do so.

## How can I give you instructions about my Financial Product/s?

You may tell us how you would like to give us instructions. For example: in writing, by fax or other means such as e-mail.

## How will I pay for the services provided?

You will usually pay us a fee. However in some cases, we may receive commissions or brokerage, which is paid to us by Financial Product issuers.

We will give you a Statement of Advice containing details of our fees and any payments made to us by Financial Product issuers.

Depending upon the services provided to you, we will receive remuneration in one or more of the following ways:

- We charge fees for the advice and services that we provide.
- Under our **Full Investment Management Service** we charge a flat dollar access and administration fee plus an investment management fee, which is a percentage of the value of your investments. As we do not accept any investment related initial or ongoing (trail) commissions under this service the overall fees you pay to fund managers, etc are significantly reduced. **There are no additional charges for most of our ongoing services.** As this service uses wholesale investment funds, there are no fund manager entry nor exit fees, nor any switching fees when investments are changed.
- Under our **Limited Investment Service** we charge a flat dollar access and administration fee plus an investment management fee, which is a percentage of the value of your investments. As we do not accept any investment related initial or ongoing (trail) commissions under this service the overall fees you pay to fund managers, etc are significantly reduced. Once your investments have been placed, we provide portfolio management, including administrative support, an annual review meeting plus a portfolio rebalance between review meetings. **all other services will incur additional fees.** As this service uses

wholesale investment funds, there are no fund manager entry nor exit fees, nor any switching fees when investments are changed. This service is more suited to smaller portfolios.

- Under our **Investment Consultancy Service** we will charge you a defined fee and negotiate with you in regards to commissions and other fees. Part of our income may be from ongoing (trail) commissions.
- Our **Model Share Portfolio Service** has flat fees and offers you four different direct share portfolios, ranging from income to growth and includes an ethical investment portfolio. Once set up, it provides ongoing recommendations by email when changes are required.
- Our **Discount Stockbroking Service** – no advice on market transactions (via CMC Markets Stockbroking Limited). Fees including brokerage paid to CMC Markets Stockbroking Limited are as follows:

First \$5,500: \$69.90 (\$30 paid to CMC Markets balance paid to us)  
 \$5,501 - \$24,000: 1.20% (\$30 paid to CMC Markets balance paid to us)  
 Over \$24,000: 0.60% (\$30 paid to CMC Markets balance paid to us)

## Financial Planning Fees

Details of the fees are provided in the fee schedule. The fees are payable at the time that our services are rendered to you.

<b>Financial Planning and Consulting</b>	Fee for service basis.
<b>Full Investment Management Service</b>	Fee based. Includes full portfolio management, at least two reviews per year and unlimited additional services.
<b>Limited Investment Service</b>	Fee based. Includes full portfolio management and two reviews each year. All other services – Fee for service.
<b>Investment Consultancy Services</b>	Fee for service basis.

FULL INVESTMENT MANAGEMENT SERVICE		LIMITED INVESTMENT MANAGEMENT SERVICE	
INITIAL FEE (once only)	MANAGEMENT FEE (per month)	INITIAL FEE (once only)	MANAGEMENT FEE (per month)
\$2,520+0.84%	\$220*+0.07%#	\$2,520+0.84%	\$110*+0.10%

**Please note: The fees paid by existing clients may vary from the above.**

## Model Share Portfolio Fees

- Assistance with the initial selection of your Model Share Portfolio - \$600.
- Ongoing recommendations via email for the updating composition of your Model Share Portfolio - \$600 per year, payable annually in advance.

- Optional annual review and report of your Model Share Portfolio - \$300
- Optional additional reviews and reports - \$300.

### **Notes on Fees and Commissions**

1. GST is not included in our quoted fees as the level of GST varies according to how your fees are paid and the type of investment.
2. \* These fees may vary where there are additional entities and/or services provided. *A 20% loading applies to clients who elect not to use our Limited Managed Discretionary Account Service.*
3. #Fees are capped for portfolios in excess of \$3 million.
4. Our Investment Management Services are fee based. If commissions are paid to us in respect of these services, they will be rebated to you.
5. Asset based fees are calculated as a percentage of your investment funds as per the above table.
6. The Initial Fee will be waived upon investment funds coming from any existing investment upon which an entry (or similar) fee of greater than 2% was paid during the past five years.
7. Other fees may apply for providing consultancy or other services (such as financial plans, portfolio reviews, Statement of Advice, second opinions, etc).
8. Occasionally we may receive commissions via our Investment Consultancy Service. The upfront or initial commission payable for an investment product may range from 0% to 4% and the ongoing or trail commission from 0% to 0.6%. For example, on an investment amount of \$10,000, 4% initial commission would equate to \$400 and ongoing commission would equate to \$60.

*Your adviser will tell you in writing in the Statement of Advice what fees we may charge you, when you have to pay, and what payments we may receive from Financial Product issuers.*

### **Will your advice be suitable for me?**

Yes, the advice that we provide will be suitable in respect of your needs, objectives and financial situation. Risks associated with adopting our advice will be explained to you prior to any action being taken.

### **How will your advice be provided to me?**

We will provide you with a Statement of Advice. Should a Statement of Advice not be provided, we may keep a Record of Advice, a copy of which will be available upon request and at no cost within seven years of that advice being given.

For clients who use our Limited Managed Discretionary Account Service we may in some circumstances not use either a Statement of Advice or a Record of Advice.

### **Our Managed Discretionary Account services**

This is an optional service that is available to our clients to enable us to manage investment portfolios in a more timely and efficient manner. We offer limited types of Managed Discretionary Account services (MDA services) where you allow us to manage your investments for you, using our discretion and without obtaining your instructions before each transaction we undertake on your behalf. These services are limited to the Limited Power of Attorney and Authority to Operate facilities within the following investment platforms:

- Asgard Personal Choice eWrap
- Asgard Master Fund
- Asgard Elements
- NetWealth
- Colonial FirstChoice

Please note, these facilities do not authorise us to open new accounts, withdraw funds, or contribute new funds to your investment.

### **What are the significant risks associated with using an MDA service?**

By authorising us to make changes to your investments without seeking your prior authority, you cannot claim we were not acting on your behalf. Provided we act within that authorisation, our acts become binding on you. Therefore it is important you understand what we are authorised to do and carefully read and understand the activities that you are authorising us to perform on your behalf.

### **How can I give you instructions on how to exercise rights relating to the financial products in my portfolio?**

Generally, the financial products which we invest in on your behalf do not have any additional rights or entitlements attached to them. However, if there are, we will let you know and you can provide us with instructions at the time as to how you wish for us to proceed. You can instruct us in writing, by facsimile transmission or by email. Our postal, facsimile and email contact details are contained at the end of this Financial Services Guide.

### **Do I have to enter into a contract for you to provide MDA Services?**

Yes. As of 11 December 2004, to receive MDA services you must first enter into an MDA Contract. This contract will set out the terms and conditions of

the authority and also the investment program, which sets out how your money will be invested.

### **Who prepares the investment program?**

We will prepare the investment program for you based on your relevant personal circumstances, financial objectives and needs.

### **Will the investment program in the MDA Contract comply with the law?**

Where this is relevant, the investment program set out in the MDA Contract will comply with the law. The relevant law is Division 3 of Part 7.7 of the Corporations Act.

The contract will also contain:

- Statements about the nature and scope of the discretions we will be authorised and required to exercise under the MDA Contract
- Any investment strategy that is to be applied in exercising those discretions
- Information about any significant risks associated with the MDA Contract
- The basis on which we consider the MDA Contract to be suitable for you, and
- **Warnings that the MDA Contract may not be suitable to you if you have provided us with limited or inaccurate information relating to your relevant personal circumstances and specify that the MDA service may cease to be suitable for you if your relevant personal circumstances change.**

### **Who is responsible for reviewing the investment program?**

We are responsible for reviewing your investment program. We will review your investment program at least every 12 months.

### **Do you provide custodial or depository services for my portfolio?**

We do not provide custodial or depository services. Either you will hold the investments in the portfolio, or the custodian nominated for the investment platforms specified on the previous page will hold them for you.

### **Is there a cost for the MDA Contract or the MDA?**

MDA services are available at no extra cost to clients who use our Full and Limited Investment Management Services.

## Third Party Referral Payments

Where you have been referred to us by someone else, if we pay them a fee or commission in relation to that referral, we will tell you in the Statement of Advice who will receive that fee or commission and the amount they will receive. If we receive a fee from a third party who we have referred you to, we will disclose that fee to you.

## Conflicts of interest and alternative remuneration

Direct Advisers Pty Limited is a shareholder in Personal Choice Portfolio Services Pty Limited, which receives rebates from the Asgard (eWrap and Elements only) platforms. This means that we are entitled to receive payments, including rebates and dividends, when our clients invest in the above platforms.

Worked example:

- \$300,000 account balance
- Estimated rebate approximately = 0.27% per year
- Approximate value of rebate received by us = \$800 per year

Please note that because we return these rebates to clients, they will not result in you paying additional fees when Asgard is used, and in some cases your Asgard fees will be lower as a result of us being a shareholder in Personal Choice Portfolio Services Pty Limited.

As a result of past recommendations in certain financial products, Direct Advisers Pty Limited has obtained a shareholding in Associated Advisory Practices (No. 2) Ltd., (AAP) a service company that provides legal, compliance training and business development support to Direct Advisers Pty Limited. This shareholding will entitle Direct Advisers Pty Limited to receive a share of the distribution of any profits via annual dividend. The amount of the dividend receivable is solely at the discretion of the AAP Board of Directors. Further recommendations in the product(s) below may result in Direct Advisers Pty Limited being eligible for additional shareholding in AAP:

- Asgard Master Trust
- Asgard E Wrap
- Asgard Elements
- NetWealth
- Colonial FirstChoice Retail

## **Statement by Direct Advisers Pty Limited**

Direct Advisers Pty Limited states unequivocally that the above arrangements have no influence whatsoever on investment product choices for our client's portfolios. At all times, portfolios are constructed solely according to our professional judgement of what are the best available investments and life products to meet the client's needs and objectives.

Direct Advisers Pty Limited maintains conflicts of interest and alternative remuneration registers, which are available for inspection by clients and prospective clients.

### **What should I do if I have a complaint?**

If you have any complaints about the service provided to you, you should take the following steps:

1. Contact us and tell us about your complaint.
2. If your complaint is not satisfactorily resolved within 45 days, please contact Peter Rodgers on 02 6583 7588 or put your complaint in writing and send it to us at Direct Advisers Pty Limited's address, noted at the beginning of this Financial Services Guide. We will try and resolve your complaint quickly and fairly.
3. If the complaint can't be resolved to your satisfaction you have the right to refer the matter to the Financial Ombudsman Service Limited They can be contacted on 1300 78 08 08, [info@fos.org.au](mailto:info@fos.org.au) or you can write to them at PO Box 3, Melbourne 3001.

### **Instructions from you**

We will always seek to act on your specific instructions in a timely and efficient way, however, unless we are operating a Managed Discretionary Account for you, you must provide your instructions to us in writing (mail, fax or email).

### **Privacy of your information**

In providing our services to clients we collect personal information about them, including sensitive information (e.g. about a client's state of health for insurance purposes). Please note we treat all information you provide to us in confidence and will take all reasonable steps to ensure non-disclosure to anyone other than for the purpose of providing services to you or meeting our legal obligations. We treat all client information in accordance with the provisions of the Privacy Act 1988.

## **Professional Indemnity Insurance**

We hold Professional Indemnity Insurance cover for the activities conducted under our AFS licence. The limit of the indemnity is \$3,000,000 for any one claim and \$6,000,000 in the aggregate for all claims arising out of our AFS licence activities. The insurance will cover work completed by authorised representatives, representatives and employees of the Licensee after they cease to work for the Licensee. We believe that our Professional Indemnity Insurance cover satisfies the requirements of s. 912B of the Corporations Act.

If you have any further questions about the financial services we provide, please contact Peter Rodgers or Ursula Boorman on 02 6583 7588.

Please retain this document for your reference and any future dealings with Direct Advisers Pty Limited

### **Our contact details:**

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*This FSG complies with the Australian Securities and Investment Commission Class Order 04/194.*