



FSS Advisory
EQUITIES BROKING

FSS Advisory Pty Ltd
Financial Services Guide

Effective November 2011

Information about FSS Advisory Pty Ltd

FSS Advisory Pty Ltd, ABN 31 096 835 880, Australian Financial Services Licence number 341308 provides advice on and deals in a complete range of investment products and market securities – a truly transparent service with quality advice for clients. FSS contact details are:

Head office

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Peregian Beach Qld 4573
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Ph: (07) 5471 4604
Fax: (07) 5471 3266
Email: info@fssadvisory.com.au
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Brisbane office

Address: Level 19
Brisbane Club Tower
241 Adelaide St
Brisbane Qld 4000
Postal: GPO Box 1023, Brisbane Qld 4001
Ph: (07) 3021 7800
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FSS is responsible to you for the services provided under this FSG and has authorised the distribution of this FSG.

Purpose and content of the Financial Services Guide (FSG)

This Financial Services Guide is an important document which we, as an Australian Financial Services Licensee, are required to provide to you. This FSG is designed to assist you in deciding whether to use any of the services offered by FSS Advisory Pty Ltd. It provides important information about:

- who we are and how you may contact us
- the services and products we may offer you
- how we and our associates are paid
- our internal and external dispute resolution procedures and how you may access them.

To the extent permitted by law, FSS and its representatives accept no responsibility or liability for any errors or omissions and/or actions taken as a result of the contents of this FSG.

If you decide to use our financial services and products, you may also receive a Product Disclosure Statement and/or a Statement of Advice.



Statement of Advice

When we give you personal advice, in most instances we will be required to provide you with a Statement of Advice (“SOA”).

The Statement of Advice is designed to enable you to make an informed decision about whether to act on the personal advice received. It will include (but is not limited to) statements and information in relation to:

- the advice
- the basis on which the advice was given
- the identity of the person(s) advising you
- any remuneration, commissions, other benefits and conflicts of interest related to the provision of the advice.

Further Advice

Whenever we provide you with further advice, which takes into account your relevant personal circumstances, a SOA will generally not be provided. In these circumstances, we will maintain brief details of the basis of advice and you may request, for a period of seven (7) years from when the advice is provided, a copy of the record of advice.

A record of your relevant personal circumstances will be maintained and a SOA, detailing these personal circumstances and any agreed investment strategy and advice, will be provided to new retail clients. Thereafter, a new SOA will only be provided if you advise that your circumstances have changed materially.

Product Disclosure Statement (PDS)

When we recommend a particular financial product (except for listed managed funds and securities), we are generally required to provide you with a product disclosure statement (“PDS”) for that financial product. The PDS will assist you in making an informed investment decision about whether or not to acquire that particular financial product.

Who is FSS Advisory

FSS Advisory Pty Ltd (also referred to in this FSG as “FSS”, “we” or “us”) is licensed under the Corporations Act (Australian Financial Services Licence No 341308).

FSS is responsible to you for the services provided under this FSG and has authorised the distribution of this FSG.

Financial Services available from FSS Advisory

FSS Advisory holds an Australian Financial Services License (AFSL) and is authorised to deal and provide advice in relation to:

- securities
- derivatives
- basic and non-basic deposit products
- government debentures, stocks or bonds
- life products
- managed investment schemes
- retirement savings account products
- superannuation
- standard margin lending.



Products and Services

We offer a comprehensive range of financial products and services (although not all services or products may be available or appropriate to all clients).

Our products and services include:

Equities Broking Services

- direct trading in equities, options, warrants and debt securities listed on the ASX
- access to trading in international securities
- research on a range of ASX listed companies
- information on listed companies, securities, market developments and special situations
- advice on portfolio structuring and portfolio reviews
- access and advice on new floats (IPO's), new issues and placements.

Portfolio Management Services

Private Portfolio – Non Discretionary

Private Portfolio – Non Discretionary is a special service designed for clients who want to make investment decisions with their adviser to meet their specific investment requirements whilst also offering the management and reporting structures of a managed fund.

- customisation of your investments and complete transparency of your portfolio's underlying investments through direct ownership
- tax advantages
- minimum brokerage fee on transactions
- portfolio administration service encompassing comprehensive quarterly and annual portfolio reporting.

We will provide you with investment recommendations and report to you quarterly about your investments. All client assets are held in the client's name not in a generic fund. Portfolio recommendations will be in accordance with the asset allocation detailed in the client's Statement of Advice.

Portfolio Administration Services

- transaction, income and expenditure reporting
- portfolio valuation
- asset class summaries
- capital gains tax reporting
- statement of income and expenses
- cash summaries.

Financial Planning Services

- financial planning strategies
- investment advice
- superannuation needs
- retirement planning.

Insurance

- review client insurance needs
- calculate appropriate level and types of insurances
- recommend an insurance product.

Advice you may receive from us

Depending on the circumstances, our advice in relation to financial products may be:

Financial Product Advice

Financial product advice is a recommendation or statement of opinion in relation to a financial product. Financial product advice may be given to you verbally (in person or telephone conversation) or in writing (in the form of written advice). Financial product advice can be either general or personal.

General Advice

General advice does not take into account your objectives, financial situation or needs. Documents will be issued with a warning that they contain only general advice. Before making an investment decision on the basis of general advice, you need to consider, with or without the assistance of your adviser, whether the advice is appropriate given your particular personal investment objectives, current financial situation and needs.

Personal Advice

Personal advice takes into account your personal objectives, financial situation and needs. FSS may provide you with personal advice if you provide us with your personal information. Without your personal information FSS is unable to provide you with advice that is tailored to your specific circumstances and needs.

How you may give instructions

You may give us instructions by telephone, mail, email, fax or other methods, as agreed by your adviser.

If you wish to give instructions via a third party, you must complete the Third Party Authorisation Form contained in the Client Account Application Form. You can obtain this form from your Adviser.



Remuneration and other Benefits

FSS Advisory may charge fees for services and products it provides. Where we provide you with personal advice, detailed information about fees, commissions or other benefits will be contained in the SOA. Generally, we do not charge separately for our advice. However, we may charge an hourly fee or flat fee for certain specialist advice or portfolio monitoring, but any fees will be disclosed and agreed with you.

FSS Advisory will not issue a Statement of Advice for general advice. Therefore, we will confirm fees for our services to you at the time the services are provided, either in writing or orally.

Your adviser may agree with you a different brokerage rate to the scale provided within this FSG. The amount charged will be detailed on the confirmation you receive for each transaction. The dollar fee may vary depending upon the final price of the securities traded. The fee will be added to the cost of the securities or deducted from proceeds and charged at the time of the transaction, payable on settlement. Brokerage for further transactions will be charged at the agreed rate and your adviser will give you details at the time of the transaction.

All fees set out in the FSG are GST exclusive. We may recover from you any GST we are required to pay as a result of providing services to you.

Research is generally provided free of charge. In some limited circumstances a fee may be charged. If fees are charged you will be advised upfront and these fees may be negotiated for the provision of research or newsletters.

In addition to charging you a fee for providing the services under this FSG, FSS and its representatives may respectively receive commissions and other benefits from and make payments to other entities.

Equities Broking Services

FSS will charge you a fee for the equities broking services provided to you. This fee may be transaction based or asset based or a combination of both. We will confirm the fees for our services to you at the time the services are provided, either in writing or orally.

Transaction Based Fee

Under this arrangement, you will be charged a brokerage fee for each buy and sell transaction executed on your behalf. The brokerage charged will be based on the value of the financial products you bought or sold. You will be advised of the brokerage rates you will be charged when you open your account with us. These rates may change from time to time

and you will be advised of these changes when they occur. A transaction confirmation will be sent to you upon completing each transaction. This will show the rate payable and the total brokerage charged and applicable Government duties.

The following rates are indicative only, and are negotiable depending on a number of factors including the amount of your investment spending, the frequency of trading and the level of service required. FSS may agree to a different brokerage rate to this scale with you.

Standard Charges for Australian Equities

Value of Transaction	Brokerage Rate*
Up to \$3,800	\$95.00
Between \$3,801 & \$5,000	2.5%
Between \$5,001 & \$15,000	\$125 + 2.0% of amount over \$5,000
Between \$15,001 & \$50,000	\$325 + 1.5% of amount over \$15,000
Over \$50,000	\$850 + 1% of amount over \$50,000

The above charges may be subject to a minimum brokerage fee of \$95.

All equity trading must be settled within T+3 (trade date plus three business days). All derivative/option trading must be settled within T+1 (trade date plus one business day).

Standard Charges for Australian Stock Exchange Traded Options and Warrants

There is a minimum brokerage fee of \$95 or 1% of the total value of the options transaction.

Standard Charges for International Equities

Transactions in international equities are typically subject to a fee of 1.25% with a minimum of \$130 plus the commission charged by the overseas agent. The commission charged by the overseas agent varies depending on which international equities market you are transacting in and which overseas agent is used. You will receive details on the commission charged by the overseas agent at the time of the transaction.

Brokerage is charged on a percentage basis and is negotiated with your adviser with a set minimum of \$95 per transaction. Please see standard rates above.



Portfolio Administration Services

These fees are charged quarterly in arrears and based on the asset value of the portfolio. Fees are charged on a sliding scale whereby the greater the value of the portfolio under management the lower the fee percentage charged. The Portfolio Administration Service fee encompasses all investment management advice and administration functions. Speak to your adviser to request an estimate of what it will cost to administer your portfolio.

Performance Fees

Performance Fees are related to the Private Portfolio – Non Discretionary Performance Plus service and are payable in addition to the Ongoing Management Fees.

Performance Fees are calculated, on a yearly basis and are charged annually to the investor's portfolio at the end of the annual period since the portfolio's inception.

The performance fee is 20% (excluding GST) of the Portfolio Outperformance. Portfolio Outperformance is the amount by which the portfolio's rate of return exceeds the performance threshold rate, multiplied by the portfolio's average capital base over the year.

Private Portfolio – Non Discretionary Service Performance Plus

The management fee and performance fee for the Performance Plus Service are tax deductible and dependant on the value of the investment portfolio. All fees are quoted exclusive of GST.

Ongoing Management Fee

Consideration	Fee Rate	Description
First \$1 m	1.70%	With a minimum of \$2,550 p.a. excluding GST. It is paid from the portfolio each quarter.
Next \$1 m	1.55%	
Next \$1 m	1.40%	If the account is closed the final ongoing management fee will be calculated on the portfolio value on a pro-rata basis to the closure date and deducted from the portfolio the following business day.
Next \$2 m	1.15%	
Above \$5 m	0.95%	

Placement Fee

Fee Rate	Description
2.0%	Charged when the service is commenced to cover setup costs and initial portfolio service costs.

Performance Fee

Fee Rate	Description
20% p.a. of the net outperformance of the portfolio against an absolute return benchmark of 10% compounding on an annual basis.	Calculated and payable on an annual basis, on the anniversary that funds are initially deposited into the portfolio.

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Transaction Fee	
Fee Rate \$30.00 or 0.1% of value	Description Deducted from the portfolio each time securities are bought or sold.

Exit Fee	
Fee Rate Year 1 – 2.0% Year 2 – 0.0%	Description Calculated on the portfolio value on a pro-rata basis to the closure date, and deducted from the portfolio on the following business day.

Of the Transaction Fee charged, FSS Advisory Pty Ltd pays that full amount to Patersons Securities as an execution and clearing cost.

Private Portfolio – Non Discretionary Service

The management fee for the Private Portfolio Service is calculated monthly and charged quarterly on a sliding scale dependant on the value of the investment portfolio. All fees are quoted exclusive of GST.

Management/Advisory Fee

Ongoing Management Fee		
Consideration	Fee Rate	Description
First \$1 m	2.05%	With a minimum of \$3,075 p.a. excluding GST. It is paid from the portfolio each quarter. If the account is closed the final ongoing management fee will be calculated on the portfolio value on a pro-rata basis to the closure date and deducted from the portfolio the following business day.
Next \$1 m	1.90%	
Next \$1 m	1.75%	
Next \$2 m	1.50%	
Above \$5 m	1.30%	

Placement Fee	
Fee Rate 2.0%	Description Charged when the service is commenced to cover setup costs and initial portfolio service costs.

Transaction Fee	
Fee Rate \$30.00 or 0.1% of value	Description Deducted from the portfolio each time securities are bought or sold. ‡ A maximum of 20 trades per calendar year is allowed. Once this limit is reached brokerage is charged for additional transactions at 1.5%.

Exit Fee	
Fee Rate Year 1 – 2.0% Year 2 – 1.0% Year 3 – 0.5%	Description Calculated on the portfolio value on a pro-rata basis to the closure date, and deducted from the portfolio the following business day.



Of the Transaction Fee charged, FSS Advisory Pty Ltd pays that full amount to Patersons Securities as an execution and clearing cost.

Portfolio Administration Service

The fee is outlined below and is charged on a sliding scale dependant on the value of the investment portfolio. All fees are quoted exclusive of GST.

Portfolio Administration Service Fee		
Consideration	Fee Rate	Description
First \$1 m	0.65%	With a minimum of \$975 p.a. excluding GST. It is paid from the portfolio each quarter. If the account is closed the final ongoing management fee will be calculated on the portfolio value on a pro-rata basis to the closure date and deducted from the portfolio the following business day.
Next \$1 m	0.55%	
Above \$2 m	0.45%	

Financial Planning Services

We will provide you in a Statement of Advice (SOA) any remuneration and other benefits FSS and your adviser will receive, as agreed with you, based on the financial planning services you require from us. If the exact amount is not known at the time you receive the SOA, the SOA will set out the manner in which the remuneration (including commission) and other benefits is to be calculated.

FSS has a range of fees and commissions which can be charged in the following manner and are often negotiated between you and your adviser:

- fee based on a percentage of assets under advice
- hourly rate
- flat dollar arrangement.

Listed below are indicative fees that may be charged for the following services:

Initial Financial Plan

- fees charged on an hourly basis can range from \$150 to \$700 per hour.

Ongoing Review

- fees and commissions charged on a percentage of assets under advice can range from 0.25% p.a. to 1.5% p.a. of the portfolio value
- fees charged on an hourly basis can range from \$150 to \$700 per hour.

Transactions - Managed Funds

- fees and commissions charged on a percentage basis can range from 1% to 5% of funds invested
- fees charged on an hourly basis can range from \$150 to \$700 per hour.

Advice on other Financial Products

- fees charged on an hourly basis can range from \$150 to \$700 per hour.

The above rates may vary depending on the magnitude and complexity of the transaction or advice and on whether you receive ongoing reviews conducted by us.

In addition, we may if necessary refer you to a specialist for specific advice and these specialists may charge a fee and pay FSS a referral fee. We may also receive volume bonuses from product issuers of up to 0.40% p.a. – the payment of these bonuses is dependent on the volume of placement in the product issuers' products.

Advice on Superannuation rollovers

- A flat fee of \$150 + GST per rollover.

Insurance

- Fees vary depending on the insurance provider
- Some products may attract Government Stamp Duty

FSS offers insurance both inside and outside superannuation. Covers include life, total and permanent disablement, trauma, income protection and business expenses.

Commission, Remuneration and other Benefits received by FSS

Our advisers and staff are remunerated by way of salary and/or commission plus bonus.

We and Patersons Securities may also receive the following other fees:

Underwriting and Placement of Securities by Patersons Securities

Patersons Securities arranges for and may underwrite capital raisings for corporate clients. Offers of these financial products may become available to you as a client of FSS. We and Patersons Securities will receive for its advisory and distribution role and in certain cases its underwriting commitment, fees which typically range from 1% to 6% of the capital raised. We and your adviser may receive a fee for arranging to place the security and this fee is typically 40% to 50% of the total fee received by Patersons Securities.

Remuneration from Other Entities

As a guide, FSS may receive the following payments from other entities:



Product	Commission / Payment which we may receive
Managed Funds	Commissions may range from 0 to 5% p.a.
	Volume bonuses may range from 0 to 0.4% p.a.
Debt Financiers	Commission may range from 0.25% to 1.5%
Cash Management Trusts	Ongoing commission may range from approximately 0.15% p.a. to 0.65% p.a.
Margin Lenders	Ongoing commission may range from 0.25% p.a. to 0.75% p.a. of the margin lending facility
Insurance Providers	Upfront fee up to 121% of first years premium, paid by the provider
	Ongoing commission 33% of annual premium paid annually to the adviser; or
	A combination of both upfront and ongoing ¹

Note all fees presented above are exclusive of GST. ¹Fees charged are detailed in the Product Disclosure Statement for the relevant product.

The exact amount of commission, volume bonus and other incentives payable should be disclosed in the relevant PDS and the SOA. If the exact amount is unknown at the time the SOA is issued a fee schedule detailing how fees will be calculated will be included within the SOA. As a guide:

- volume bonuses can range from 0 to 0.4% p.a.
- incentive payments from warrant issuers can range from 0 to 5%
- we and your adviser may also receive from other product issuer's benefits such as complimentary or subsidised attendance at conferences, assistance with marketing expenses and other rewards such as gift vouchers and complimentary tickets to events.

Paterson Securities Ltd Trust Account

If you provide FSS with funds to hold on your behalf, these funds will be deposited into Patersons Securities trust account and displayed on the ledger against your broking account. Any interest earned from these funds will be retained by Patersons Securities.

Associations and Relationships

When we recommend products to you, we do so on the basis of research either conducted by us or by third party providers. We currently have an arrangement in place with Patersons Securities Ltd for the provision of research.

FSS Advisory will arrange for brokerage and execution services to be provided to you through Patersons Securities Ltd. Fees

and charges paid to Patersons for providing this service will be paid from the amounts we charge you under the brokerage agreements and are not an additional expense to you.

Payments to Third Party Referrers

Where you have been referred to FSS by a third party, FSS may pay an introductory fee or commission rebate in relation to the referral. The referral fee or commission varies depending on the particular circumstance but may be up to 40% of the amount over and above the minimum brokerage fee or commission. Full details of any referral payments will be provided in a Statement of Advice.

Other Services Charges

FSS reserves the right to charge service fees for:

- additional services performed including without limitation, customised reports for your taxation and legal advisers, reports to be provided as required to the Australian Taxation Office and other regulatory / government bodies
- an establishment fee for large or complex portfolios (i.e. portfolios with securities that are not chess sponsored)
- out of pocket expenses incurred including without limitation, postage, handling and communication costs
- large portfolios with more than 50 transactions per quarter
- complex portfolios which require a significant amount of reconstruction
- termination of agreements prior to three years – an exit fee may apply.

Fees are charged quarterly and commence from the establishment of your account. GST is charged in addition to these fees.

The following fees may be imposed against those trades that fail to settle on the designated date:

Late Settlements on Buy Transactions

- An administration service fee which is based on the outstanding amount multiplied by the Reserve Bank of Australia official cash rate plus 6%.

Late Settlements on Sell Transactions

- A fail fee, calculated at 2% of the trade value and subject to a minimum of \$50 per day on Sells where security references have not been provided or have been rejected due to your error.

Settlement deadlines are clearly specified on all transaction confirmations.

FSS may also charge fees for specific administrative services such as processing dishonoured cheques. For further information on these fees please contact your adviser.



Risks associated with investing in Securities or Derivatives

Securities

Securities, in common with all other assets classes (e.g. real property), may decline in value as well as appreciate. The measure of this relative change in value is often referred to as volatility. Securities are generally more volatile than other asset classes.

In general, the risks of investing in securities can be categorised in the following manner.

NOTE: This list is not exhaustive - it is not feasible to list all the possible risks in each category.

Overall Market Risks

The risk of loss by reason of movements in the market generally which, may be caused by any number of factors including political, economic, taxation or legislative factors. Specific examples are changes in interest rates, changes of government, changes in taxation or superannuation laws, international crises or natural disasters.

Debt securities may fall materially in value if interest rates increase.

Securities issued by companies may change in price or at worst become of no value if the company encounters solvency difficulties.

International securities may be affected by foreign exchange movements, taxation factors where these differ from investing in the Australian equities and political and regulatory risks in overseas markets.

Sector specific factors

These would include but not limited to demand for the type of product or service the company produces or provides, commodity prices, the economic cycle of industry, shifts in consumer demands, lifestyle changes and advances in technology.

Stock specific factors

These would include but not limited to issues relating to the company's directors, the quality of the company's management and the significance of any key personnel, its profit history, the company's tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts and competition from within the sector. Mining companies and start up enterprises, including technology and biotechnology companies are affected by the success or otherwise of their exploration or product development programs.

The risks set out above are general risks associated with investing in equity securities. At the time of making a recommendation, any significant risks associated with the particular investment will be explained to you. If not, you should ask your adviser to explain those risks to you.

Derivatives

Warrants or Exchange Traded Options

You should have a high risk tolerance when dealing in warrants and exchange trade options (ETOs).

Derivatives provide you with an opportunity to profit from your view of the short term direction of the market. But because they are a leveraged investment, your potential losses and gains are multiplied in relation to movements in the price of the underlying assets.

Please be aware that when trading in ETOs you will be required for uncovered positions to meet margin requirements which may be large when there are swings in the underlying asset.

The value of derivatives may fall or rise dramatically. You should be aware that if you are unable to fund your derivative obligations it may result in the closure of all open positions and further loss of capital.

Before investing in warrants or ETOs you must fully understand and accept the risks involved. You must read and ensure you understand and sign the appropriate agreement form and read the explanatory trading booklet. Please be fully informed before trading in derivatives warrants or options.

Given the inherent risks, FSS do not guarantee, underwrite or otherwise imply that investments you make will provide you with a positive return.



Privacy Policy

FSS Advisory Pty Limited (“FSS Advisory”) is committed to protecting the privacy and confidentiality of any personal information you provide. FSS Advisory is bound by the Privacy Act 1988 (Cth) and the National Privacy Principles (“NPP”). The NPP regulates, among other things, the collection, storage, quality, use and disclosure of personal information.

FSS Advisory Pty Ltd’s privacy policy is available at www.fssadvisory.com.au

Making a Complaint

If you have any complaints about the service provided to you, you should take the following steps and we will seek to resolve your complaint quickly and fairly:

1. Contact your adviser and discuss your complaint
2. If your complaint is not satisfactorily resolved within 5 days, please call the FSS Compliance Manager on (07) 5471 4604, or put your complaint in writing and send it to the Compliance Manager, PO Box 130, Peregian Beach Qld 4573. Your complaint should be finalised within 45 days of receipt of your complaint.

FSS is a member of the Financial Ombudsman Service

If the complaint cannot be settled to your satisfaction you have the right to complain to the Financial Ombudsman Service (FOS).

This service is free of charge to you and FOS can be contacted on:

Phone: 1300 780 808

Email: info@fos.org.au

Mail: GPO Box 3, Melbourne Vic 3001.

The Australian Securities and Investments Commission (“ASIC”) also has a free call information line (1300 300 630) that you may use to make a complaint and obtain information about your rights.

Professional Indemnity Insurance

FSS Advisory currently has professional indemnity insurance in line with legislative requirements under Section 912B of the Corporations Act. This includes coverage for claims in relation to conduct of representatives who are no longer authorised by FSS Advisory (but who were at the time of the relevant conduct). If you would like further information please contact FSS Advisory.



FSS Advisory
EQUITIES BROKING

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