



## Financial Services Guide (FSG)

Part 1

1 October 2009

Authorised and distributed by  
Fitzpatricks Dealer Group Pty Ltd (Fitzpatricks)  
ABN 33 093 667 595  
Australian Financial Services Licence No 247429 issued  
by the Australian Securities and Investments Commission  
(ASIC).

Fitzpatricks is a principal member of the Financial  
Planning Association.

This Financial Services Guide is a legal document and  
Part 1 is complete when read with either Part 2 of this  
FSG or read with your adviser's FSG in lieu of Part 2  
where the adviser is not authorised by Fitzpatricks.

## About this Financial Services Guide

This FSG will assist you to determine if you wish to engage any of our services. We will explain the financial services being offered, our associated parties and other relationships, the fees charged, our professional indemnity insurance, how any complaints are managed and the compensation arrangements that are in place. There is also information about our privacy policy.

You must be given this FSG before you receive a financial service such as investment advice.

Part 2 of the Fitzpatrick's FSG provides details of your adviser authorised by Fitzpatrick's to provide advice.

Other advisers not authorised by Fitzpatrick's will provide you with their FSG in lieu of Part 2.

In time critical cases, the services may be provided immediately and the FSG must then be provided within 5 days. In time critical cases your adviser will disclose to you all costs associated with the service and associated parties and their interest and/or remuneration.

When your adviser provides you with a financial service you may also receive a Statement of Advice (SoA) or Record of Advice which details the recommendations and other information and, if applicable, a Product Disclosure Document (PDS) which provides information about the specific financial product recommended. Any further advice may be recorded in a Record of Further Advice.

Generally, you may give your adviser instructions in writing, by post, fax, internet, email, or any other means by pre-arrangement with your adviser.

## We are licensed to provide financial product advice and deal in the following financial products:

- 1) Deposit and payment products limited to:
  - a) Basic deposit products, and
  - b) Deposit products other than basic deposit products.
- 2) Derivatives limited to Old law securities options Agreements and warrants;
- 3) Debentures, stocks or bonds issued or proposed to be issued by a government;
- 4) Life products including:
  - a) Investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds, and
  - b) Life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds.
- 5) Interests in managed investment schemes including investor directed portfolio services;
- 6) Interests in managed investment schemes limited to Managed Discretionary Account (MDA) services;
- 7) Retirement savings accounts ("RSA") products (within the meaning of the Retirement Savings Account Act 1997);
- 8) Securities, and

- 9) Superannuation.

## Fitzpatrick's Managed Discretionary Account

Fitzpatrick's owns and operates an MDA. Your adviser will assess the suitability of the MDA before this is offered and the details regarding its suitability will be stated in the SoA provided to you.

The MDA allows Fitzpatrick's to manage your portfolio at their discretion, based on your Investment Program. An MDA gives us the ability to act quickly and decisively without the time consuming need to refer to you for instructions each time an investment is made.

With this service you essentially choose to outsource all investment decisions to an experienced investment team who manages your portfolio in accordance with the stipulated mandated contained in your Investment Program.

## Compliance with the Corporations Law

This FSG has been prepared in accordance with ASIC Class Order 04/194.

In preparing the Investment Program for you under the MDA Agreement Fitzpatrick's is obliged to ensure that we comply at all times with Division 3 of Part 7.7 of the Corporations Act 2001. Pursuant to an ASIC Class Order [CO 04/194], Fitzpatrick's as a MDA Operator has been granted relief, subject to a number of conditions, from the Managed Investment Scheme legislation in Chapter 5C and the Product Disclosure provisions in Chapter 6D and in Part 7.9 of the Corporations Act. This FSG complies with the conditions set out in the ASIC Class Order.

## Do you have to enter into an Agreement to receive MDA services?

Yes, to provide a MDA service you must first enter into an MDA Agreement. The MDA Agreement regulates how Fitzpatrick's will provide you with the MDA service. The Agreement will set out how Fitzpatrick's exercises its discretion in relation to the management of your portfolio and the limits that apply to the discretion.

The Agreement will also set out the Investment Program for your portfolio. You may request Fitzpatrick's to administer the portfolio in accordance with specific instructions with respect to the assets of the portfolio.

## Who prepares the Investment Program and is responsible for reviewing the Investment Program?

Your adviser will recommend an Investment Program based on their assessment of your personal objectives, financial situation and needs.

Your adviser will be responsible for the regular review of your Investment Program as set out in the MDA Agreement.

## What are the significant risks in using a MDA?

The MDA Agreement enables Fitzpatrick's to action changes with regard to the purchase and sale of financial products on your behalf without prior consultation. Fitzpatrick's must act within the level of authorisation pertaining to your MDA Agreement. You should note that these actions are binding.

It is important that you carefully read and understand the activities you are authorising Fitzpatricks to do on your behalf. Therefore a risk of using our MDA is your reliance on our investment expertise and you do not have the day-to-day control of your investments.

The risk of failure of Fitzpatricks' operating systems and systems of Fitzpatricks' service providers in relation to the appropriate recording of your investments and transactions may also be possible.

The reliance on the skills, competence and ability of Fitzpatricks and that of our service providers to successfully manage your portfolio to achieve your investment goals is considered a risk associated with this type of investment.

The loss of key personnel is also considered a risk associated with this type of service.

To mitigate risks, Fitzpatricks has developed significant strategies, systems and procedures to minimise the impact and likelihood of the above risks eventuating. Risk management strategies are set out in our MDA Agreement.

### **The MDA Agreement**

The MDA Agreement we enter into with you will contain details about:

- a) the nature and scope of the discretions we will be authorised and required to exercise under the MDA Agreement and any investment strategy that is to be applied in exercising those discretions;
- b) any significant risks associated with the MDA Agreement;
- c) the basis on which Fitzpatricks consider the MDA Agreement to be suitable for you, and
- d) warnings that the MDA Agreement may not be suitable to you if you have provided limited or inaccurate information. It will also specify that the MDA may cease to be suitable if your relevant circumstances change.

### **Do we provide custodial or depository services for your portfolio?**

No, Fitzpatricks does not provide depository or custodial services. They are provided by an external MDA custodian as detailed in the MDA Agreement.

The external MDA custodian holds your assets separate from other assets. They act on our instructions pursuant to the MDA Agreement. By entering into the MDA Agreement with Fitzpatricks, you also enter into a custodial arrangement with the external MDA custodian for the provision of custodial services in accordance with terms and conditions set out in the MDA Agreement. The external MDA custodian is:

Avanteos Investments Limited  
ABN 20 096 259 979 AFSL 245531

Postal Address:  
Locked Bag 3460, GPO Melbourne VIC 3001  
Telephone: 1800 113 116 Fax: 03 9804 0398

### **How do we charge for our MDA?**

The fee charged for the MDA is detailed in the MDA agreement and disclosed in the Statement of Advice.

For details of these fees and how they are calculated please refer to Part 2 of this FSG or your adviser's FSG in lieu of Part 2.

### **Fees and commissions received by related entities and associations with product issuers**

Fitzpatricks and your adviser have relationships with entities that provide financial services you may acquire through us or the issuers of products and services your adviser recommends. We may receive commissions and/or other benefits from these entities.

These payments are received periodically on an ongoing basis for as long as you receive the financial service or hold the financial product and may be retained by Fitzpatricks or your adviser. The payments vary according to a number of factors including the total funds under administration for you, the aggregate total funds under administration of all our clients, and the type of financial services or financial products acquired by you. Details of any such payments are set out in the PDS for the product or our SoA if you are provided with personal advice.

Fitzpatricks, our advisers and/or their respective families, companies and trusts may also have an interest in any of the investments or securities included in your portfolio.

### **Access SRA Fund and Atrium Australian Equity Market Neutral Fund**

Fitzpatricks has established the Access SRA Fund and Atrium Australian Equity Market Neutral Fund (Atrium). External and related parties may be used to operate these funds and perform specialist functions. Your adviser is under no obligation to recommend the Access SRA Fund or Atrium, however it may contribute to the profit of Fitzpatricks and benefit the adviser participating in our 'profit share' program.

### **DIY Master Plan**

Fitzpatricks is the Investment Manager of the DIY Master Plan and receives fees for providing this service. The Investment Manager fees are disclosed in the PDS. Your adviser is under no obligation to recommend the DIY Master Plan, however by doing so may contribute to the profit of Fitzpatricks and benefit the adviser participating in our 'profit share' program.

### **Adviser's Profit Share Program**

Fitzpatricks receives significant contribution from the advisers as a group in building its advising business. Fitzpatricks has allocated 45% profit share to the participating advising group.

Fitzpatricks cannot quantify the value of the profit share as it depends upon the amount of profit generated which cannot be predicted.

### **What other fees are charged?**

Fitzpatricks does not charge you any additional fees. However it will receive up to 13.75% of all fees and commissions received by your adviser. Your adviser will discuss and agree with you the amount and method of

any fees they charge before your engagement and the supply of any services to you. These will also be documented in the Statement of Advice.

### Commissions

Your adviser may also receive an upfront commission paid by the product provider. Commission will vary and is based on the amount of the funds invested (for investment products) or the annual premium charged (for risk insurance products purchased). Some companies also pay an ongoing commission (or trail commission) which is payable for the length of time you remain invested in the product or the length of time the product remains in force.

**Examples:** Assume you placed \$100,000 in a managed fund and maintained that investment. If we received an up-front commission of 2.75% (GST inclusive) and trailing commission of 0.44% (GST inclusive), in the first year we would receive:

Up front commission: \$2,750  
Trailing commission: \$440  
Total: \$3,190

The second year, if your investment has increased to \$105,000 due to investment earnings and you remain in this investment we would receive:

Up front commission: NIL  
Trailing commission: \$462  
Total: \$462

The amount of upfront and ongoing commission payable will be disclosed in detail when you receive personal advice.

### Other Benefits

Fitzpatricks and/or your adviser may accept alternative forms of remuneration such as marketing and training assistance or gift vouchers. Benefits greater than \$300 in value are recorded in a Register which meets the Financial Planning Association Code of Practice on alternative forms of remuneration. This register is publicly available and Fitzpatricks can provide you with a copy at your request.

Some product providers pay a Licensee commission to Fitzpatricks based on the total funds that advisers have invested in their products. Where any of these other benefits are relevant or may reasonably be considered to influence the provision of financial services to you they will be detailed in a Statement of Advice or other advice document.

### Are Fees Paid for Referrals?

Where you have been referred and we pay a fee or commission in relation to that referral to another party it will be disclosed to you in the Statement of Advice or other advice document. This includes remuneration Fitzpatricks may receive for referring you to another party.

### Services not provided by Fitzpatricks

Services your adviser is authorised to provide are detailed in Part 2 of the Fitzpatricks FSG. Your adviser may provide services not authorised by Fitzpatricks. You should understand that Fitzpatricks is not responsible for

these services nor does Fitzpatricks train, support or supervise your adviser in providing these services.

### Professional Indemnity Insurance

Fitzpatricks has obtained appropriate Professional Indemnity insurance to comply with the requirements under s912B of the Corporations Act. Our arrangements allow for compensating retail clients for errors and omissions arising from advice provided by our representatives, past or present.

### What should you do if you have a complaint?

Please contact your adviser and tell your adviser about your complaint. Alternatively you may wish to contact Fitzpatricks Compliance Manager. Please put your complaint in writing and forward it to:

Fitzpatricks Dealer Group Pty Ltd  
PO Box 356 Coolangatta QLD 4225  
Telephone: 07 5589 1900

### Financial Ombudsman Service (FOS)

Fitzpatricks is a member of the FOS which is an independent private complaints body funded by its corporate members.

You can contact FOS free of charge with your complaint if we have not responded to your complaint within 45 days or it has not been resolved to your satisfaction. There are some complaints which the FOS are unable to deal with and the FOS will inform you if they are not able to deal with your complaint.

You can contact the FOS on: 1300 780 808

### Privacy Policy

Our privacy policy explains our commitment to the protection of your personal information. Please note we treat all information you provide us in confidence and will take all reasonable steps to ensure non-disclosure to anyone other than for the purpose of providing a service. We treat all client information in accordance with the provisions of the Privacy Amendment Act 2001. To view our Privacy Policy please visit [www.fitz.com.au](http://www.fitz.com.au)

If you wish to complain about any breach or potential breach of this privacy policy you should contact us and your complaint will be considered within 7 days. It is our intention to use our best endeavours to resolve any complaint to your satisfaction. If you are unhappy with our response you are entitled to contact the Office of the Privacy Commissioner who may investigate your complaint further.

More information about Fitzpatricks can be found at our website [www.fitz.com.au](http://www.fitz.com.au)