

Financial Services Guide

# Private Capital Advisers

October 2017

## Financial Services Guide

Private Capital Advisers Pty Ltd (“Private Capital Advisers”, “we”, “us” and “our”) is an Australian Financial Services Licensee (AFS Licence No. 422 593). Peter Wright is authorised to provide financial services on behalf of Private Capital Advisers. Private Capital Advisers is therefore responsible for the advice provided by Peter Wright.

This Financial Services Guide (“FSG”) is intended to inform you of certain basic matters relating to our relationship, prior to us providing you with a financial service. It contains important information about:

- The services we offer you;
- How we and our associates are paid;
- Any potential conflict of interest we may have; and
- Our internal and external dispute resolution procedures and how you can access them.

It is intended that this FSG should assist you in determining whether to use any of the service we offer you.

We may give you other documents when providing our services to you. These documents may include:

- **Statements of Advice** – Where we provide financial product advice to you for the first time, or where the advice we provide to you is in the context of your circumstances, objectives or needs being significantly different to the previous advice we provided you, or where the basis of the advice we provide is significantly different to the advice we previously provided to you, we will give you a Statement of Advice (“SOA”). In this SOA we will tell you about:
  1. Our advice and basis of advice;
  2. Our fees and commissions; and
  3. Any associations we have with financial product issuers or other parties which may have influenced the advice we give you.
- **Record of Advice** – On an ongoing basis, a Record of Advice (“ROA”) will be used instead of an SOA, if there have been no significant changes in your personal circumstances or the basis of the advice has not significantly changed since the last SOA was provided to you. You have the right to request a copy of your ROA up to 7 years from the day on which the advice was provided to you by us.
- **Product Disclosure Statements** - If we make a recommendation to acquire a financial product, we will provide you with a Product Disclosure Statement (“PDS”) containing information about the particular financial product to help you make an informed decision about the acquisition of that financial product.

## Our Services

### **Our financial planning and advisory services can assist you to:**

- Identify your financial and investment objectives, taking into account your current financial position and personal circumstances;
- Help you to develop financial goals and investment strategies;
- Advise you how to implement your investment strategies; and
- Recommend and arrange financial products that are suitable for your needs.

### **We provide advice in the following areas:**

- Strategies to enhance your wealth including strategies to achieve asset accumulation, tax minimization and liability management.
- Cash flow management and budgeting advice.
- Advice on life insurance in order to protect you and your family against the financial impact experienced as a result of accident, illness or death.
- Advice on structuring your investments and superannuation benefits for maximum effectiveness and flexibility.
- Investment consulting advice focused on ensuring that you hold appropriate investments in order to achieve your financial goals.
- Administration and reporting on investment portfolios and self-managed superannuation funds.
- Advice on the preparation or review of investment programs in Managed Discretionary Account (MDA) services.

Private Capital Advisers is authorised to provide financial services which includes providing advice and dealing in the following financial products by applying for, acquiring, varying or disposing of on behalf of another person:

- Deposit and Payment Products – Basic and non-basic deposit products;
- Government debentures, stocks and bonds;
- Life products – Investment life risk insurance products and life risk insurance products;
- Interests in managed investment schemes including investor directed portfolio services;
- Retirement savings accounts;
- Securities;
- Superannuation - including Self-Managed Superannuation Funds;
- Managed discretionary account services; and
- Margin lending.

We act for you when giving advice and arranging financial products.

## Managed Discretionary Account Service

We may provide you with managed discretionary account (“MDA”) service. The MDA service allows your adviser to acquire, vary, realise, sell, subscribe, purchase, withdraw or otherwise dispose of and deal in assets and financial products in your account, including any corporate actions (such as decisions regarding voting rights and reinvestment of distributions or dividends) in respect of the investments in your MDA without seeking your prior approval or consent.

Before we can provide you with an MDA service, you must first enter into an MDA contract with Private Capital Advisers. The MDA contract will include an investment program that is prepared in accordance with the requirements in Division 3 of Part 7.7 and Part 7.7A of the Corporations Act 2001. The investment program will contain the following information:

- the nature and scope of the discretions that Private Capital Advisers will be authorised and required to exercise;
- any significant risks associated with the MDA contract;
- the basis on which the MDA contract is considered to be suitable for you; and
- warnings about the importance of any limitations relating to the MDA contract which you must consider before signing the MDA contract.

Under the MDA contract, you are delegating the decision-making powers (the discretion) relating to the financial products held in your MDA service to Private Capital Advisers. The decision making can include rights relating to the financial products, such as corporate actions, decisions regarding voting rights and reinvestment of distributions or dividends.

Therefore, Private Capital Advisers will not be required to communicate with you to seek your instructions prior to any decision making under the MDA contract in respect of your MDA investment portfolio.

You should be aware of the significant risks associated with investing through the MDA service listed below.

- The MDA service provides Private Capital Advisers with discretion to invest your money in assets that are exposed to capital risk such as the share market. There is a risk that you may suffer from a financial loss, including the loss of your capital. It is possible that we may make investment decisions that you may not agree with, provided our actions are within the law and the scope of the authority you have granted us.
- The investment program and appropriateness of the MDA service is based on our understanding of your financial situation, needs and objectives. If you provide us with limited information about your financial situation, needs and objectives, Private Capital Advisers may make transactions under the MDA service which may not be appropriate for you.
- If there are any changes to your financial situation, needs and objectives and you do not tell us in a timely manner, Private Capital Advisers may make transactions under the MDA service which may not be appropriate for you.

This FSG and the MDA service complies with the ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968.

## **Outsourcing**

We may use any agent, other AFS licensee, broker or custodian who we think is necessary or convenient to discharge our responsibilities under the MDA service, including our related entities.

Outsourcing only occurs after we have conducted practical due diligence in respect of the outsourced provider, and have conducted reference checks. We will then conduct regular monitoring of those providers. In applying these rigorous standards, the outsourced providers may change from time to time.

The typical services that may be outsourced include training, compliance, accounting, legal, account administration and research.

## **Non-Limited Recourse Products and Facilities**

Before entering into an MDA service with us, and at the time of each annual review by us, you will be required to acknowledge in the MDA contract and at each annual review that you have been provided with a warning regarding non-limited recourse products and facilities, and that you have consented to us acquiring, holding or disposing of those products or facilities on your behalf.

The non-limited recourse products or facilities can include loans used to acquire financial products (including margin loans), certain types of derivatives and certain types of capital protected products that require the payment of ongoing fees to retain the capital protection feature.

Investing into non-limited recourse products or facilities can significantly increase your investment risk. Specifically, a non-limited recourse product or facility imposes a legal obligation on you to pay an amount to another person or financial institution in the event of the occurrence or non-occurrence of something where the rights of the other person or financial institution are not limited to any property or asset that you have paid or set aside as security for the agreement.

For example, if you use \$50,000 of your own money and borrow \$450,000 via a margin loan to invest in \$500,000 in shares - if your shares suffer a significant decrease in value to say \$200,000 and you are required to meet a margin call from the lender immediately to fully repay your margin loan, you may be forced to sell \$250,000 of your other assets and property to make up the shortfall in value due to the decrease in value of your shares which have been held as security for the margin loan. Because this is a non-limited recourse product or facility, you should understand that you can lose an amount greater than the current value of your investment, in which case you can be forced to dispose of the other assets and property you own (including your family home if it is in your name) to repay your loan.

The level of leverage and risk in terms of an MDA that could be offered to you is unknown at this point because the requisite due diligence of your circumstances, needs and objectives has not been conducted and are not known, and hence the underlying product holding of your MDA is also unknown. However, where advice is provided to you in the form of the Investment Program – SOA, which involves non-limited recourse products and facilities, then the level of leverage and risk related to the non-limited recourse products and facilities will be fully disclosed to you in writing, in order for you to be able to make an informed decision as to whether to proceed with the MDA.

We would never enter into any credit or borrowing arrangements on your behalf, where you are the borrower, as part of an MDA service without first detailing the proposed arrangements to you in writing in an SOA, and then obtaining your specific written consent prior to borrowing.

Before proceeding with the MDA service, you should carefully read the MDA contract, including the Investment Program and SOA. It will provide you with important details about the MDA services proposed for you, including but not limited to, the type of non-limited recourse products and facilities that we intend to use, the degree of leverage that may be employed in your MDA services, the means by which we will communicate with you should matters such as margin calls be triggered and information about our policy regarding closing positions at a loss in relation to each type of product.

### How can you deal with us?

- You can provide us with instructions in person, by phone, fax or email.
- It is important that you provide us with complete and accurate information about your personal objectives, details of your current financial situation and any other relevant information, so that we can offer you the most appropriate advice possible.
- You have the right not to tell us information, 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. If you choose not to provide complete and accurate information about your circumstances, need or objectives, the onus passes to you to consider the appropriateness of the advice having regard to your circumstances, needs and objectives.
- You should seriously consider any warning that we provide in relation to this matter before making and decision relating to financial products.
- We recommend that you review your financial products and insurance policies at least annually.
- Furthermore, if there are any significant changes to your personal circumstances we recommend you contact us as alterations to your financial strategies and investment and risk insurance portfolios may be required.

## How are we paid?

<b>Financial planning and investment services</b>	<p>We charge for our financial planning and investment services on the basis of the time that we spend looking after your needs. The rate will depend on the nature of the services you ask us to provide, for example:</p> <p><b>Initial advice fee</b> - For our initial consultation and preparation of a written SOA we charge a fee that fee will depend on the complexity of the advice provided to you. Typically, this fee will range from \$550 to \$3,300 inclusive of GST.</p> <p><b>Implementation fee</b> – If you elect to proceed with the recommendations contained within your SOA, implementation fees may be payable. An implementation fee of between 0.25% and 1.1% of amounts invested on your behalf may be incurred, which means if you invest \$1000 through our firm, the maximum implementation fee would be \$11 (inclusive of GST). Full details of applicable fees will be set out in your SOA.</p> <p><b>Ongoing advice fee</b> –Our ongoing advice fee is based on a 1.1% p.a. (inclusive of GST) of funds under management or an agreed fixed annual fee. If applicable, full details will be set out in your SOA.</p>
<b>Share transactions</b>	<p>If we recommend you buy or sell shares, we will charge a dealing fee on each share transaction we execute on your behalf. The dealing fee is charged at a rate of up to 1.10%, subject to a minimum fee of \$110. For example, if you trade \$10,000 of shares then the fee will be \$110. If applicable, full details will be set out in your written SOA.</p>
<b>Life insurance services</b>	<p>If we arrange life insurance for you, we will receive commission from the insurer with whom we place your insurance. The amount of commission received by us will vary depending upon the type of insurance required by you. Typically, the commission we receive will range from 20% to 80% of the first year's premium (excluding taxes and statutory charges). We will also receive an ongoing commission from the insurer during the life of your insurance policy. Typically, the commission we receive during the life of your insurance policy will range from 10% to 33% of the insurance premium (excluding taxes and statutory charges).</p> <p>These commissions are included in your insurance premium. If applicable, full details will be set out in your written SOA.</p>

<b>Capital Raising</b>	If we assist you with investing into a capital raising, we may receive an upfront capital raising placement fee. Typically, this placement fee will be a percentage of funds raised inclusive of GST. If applicable, full details will be disclosed to you.
<b>Clients prior to 1 July 2014</b>	<p>For clients who we provided services to before 1 July 2014, we may receive an ongoing commission from the product provider. This is usually paid at the end of each month or annually to us for the life of the financial product. The amounts received by us will vary as it is dependent upon the financial product. Typically, the payment we receive will range from:</p> <ul style="list-style-type: none"> <li>• 0% to 0.66% p.a. of the funds invested for investments and superannuation.</li> <li>• 10% to 33% p.a. of the premium for insurance products.</li> </ul>

### Who we pay?

<b>Advisers</b>	Our advisers are employees they are paid a salary and may be eligible to receive a performance bonus if they meet pre-set agreed key performance indicators or dividends if they are a shareholder in the business.
<b>Referrers</b>	If you were referred to us, we may pay a fee or commission in relation to that referral. If applicable, we will tell you in your SOA who will receive that fee or commission and the amount that they will receive.

### Further details on remuneration and benefits relating to financial services

If remuneration is not ascertainable at the time this FSG is given and personal advice is given, then either of the following will occur:

- If the remuneration or other benefits are calculable at the time the personal advice is given, the remuneration or other benefits that we pay to another will be disclosed at the time the personal advice is given or as soon as practicable after that time, or;
- If the remuneration or other benefits that we pay to another are not calculable at the time the personal advice is given, the manner in which the remuneration or other benefits that we pay to another are to be calculated will be disclosed at the time the personal advice is given or as soon as practicable after that time.

## Important associations

Peter Wright is the Managing Director of Private Capital Advisers. Peter is also a shareholder of Private Capital Advisers and maybe entitled to profit share.

Private Capital Advisers is a member of Associated Advisory Practices ("AAP"). AAP provides us with member services such as training, compliance and practice development services. AAP has various volume bonus arrangements with product providers, which pays for services provided by AAP to Private Capital Advisers.

Private Capital Advisers may from time to time receive a benefit from preferred product providers by way of sponsorship of educational seminars, conferences or training days. Details of benefits above \$100 will be maintained on a register.

## Our professional indemnity insurance

We hold Professional Indemnity ("PI") insurance in place in accordance with section 912B of the Corporations Act 2001. Our PI insurance covers us for claims made against us by clients as a result of our conduct in the provision of financial services.

Our PI insurance cover will cover us for claims relating to the conduct of representatives who have ceased work with us but who did at the time of the relevant conduct. This is subject to the usual terms of the PI policy in relation to providing indemnity.

## What to do if you have a complaint?

If you have a complaint about our services, you can contact our Complaints Officer on 08 9384 6516, who will try to resolve your complaint quickly and fairly.

Private Capital Advisers is a member of the Financial Ombudsman Service ("FOS"). Should the dispute remain unresolved, or is not resolved within 45 days, or such longer period as permitted by FOS, you have the right to refer the matter to FOS.

### **Contact details for FOS are as follows:**

Financial Ombudsman Service Limited ("FOS")  
GPO Box 3  
Melbourne VIC 3001  
Telephone: 1300 780 808  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Website: [www.fos.org.au](http://www.fos.org.au)

You may also contact the Australian Securities and Investments Commission ("ASIC") on 1300 300 630 to obtain information about your rights.

## How we protect your privacy?

We are committed to protecting your privacy. We use information from you to understand your personal situation and provide you with advice that meets your needs and objectives. We will also collect information from you to meet our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act. We will generally collect this information directly from you however in some cases we will seek your authority to collect it from other parties such as your accountant, insurer or superannuation fund.

We have a privacy policy that encompasses the Australian Privacy Principles and ensures the privacy and security of your personal information. A copy of Private Capital Advisers Privacy Policy is available on request or on our website [www.privatecapitaladvisers.com](http://www.privatecapitaladvisers.com).

## How can you contact us?

Private Capital Advisers Pty Ltd can be contacted at:

### **Private Capital Advisers Pty Ltd**

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Web	<a href="http://www.privatecapitaladvisers.com.au">www.privatecapitaladvisers.com.au</a>
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