



HILLROSS

FINANCIAL SERVICES AND CREDIT GUIDE

HILLROSS PACIFIC ADVISORY

This Financial Services and Credit Guide (FSCG) contains information that will help you decide whether to use the financial services we offer. It sets out:

- Who we are and how we can be contacted.
- The advice and services we provide.
- Information about our licensee Hillross Financial Services Limited (Hillross).
- Our fees and how we, your adviser and Hillross, are paid in connection with those services.
- How we manage your private information.
- How you can complain about a matter relating to us or Hillross.

Documents you may receive

We will provide you with a number of documents as you progress through our financial planning process to capture each stage of your advice journey. We may provide these documents to you electronically to your nominated email address, unless otherwise agreed.

When we provide personal advice it will normally be documented and provided to you in a Statement of Advice (SoA), known as a financial plan. The financial plan contains a summary of your goals and the strategies and any financial products we may recommend to achieve your goals. It also provides you with detailed information about product costs and the fees and other benefits we and others will receive, as a result of the advice we have provided.

If we provide further personal advice a financial plan may not be required. We will keep a record of any further personal advice we provide you for seven years. You may request a copy of such records by contacting our office during that period.

If we recommend or arrange a financial product for you we will provide a product disclosure statement (PDS) or investor directed portfolio service (IDPS) guide where relevant. These documents contain the key features of the recommended product, such as its benefits and risks as well as the costs you will pay the product provider to professionally manage that product.

You should read any warnings contained in your advice document, the PDS or IDPS guide carefully before making any decision relating to a financial strategy or product.

About our firm

One of the great transformations of the last 100 years was the addition of more than 25 years of average life expectancy.

While these extra years are a priceless gift, a life-sustaining, multi-decade retirement income is now the central financial planning challenge of our time.

Our clients work purposefully towards a plan that ensures they undertake a considered retirement transition on their terms, providing an enhanced sense of security, optimism and control.

Hillross Pacific Advisory is a privately-owned retirement planning consultancy providing greater financial certainty for pre-retirees and retirees.

We work with you in a consulting capacity to bring a sense of calm and order to your financial affairs, while ensuring you have clearly defined goals in place and a strategy to achieve them.

Business summary

Name	Pacific Advisory Pty Ltd Trustee of the Private Wealth Trust Trading as Hillross Pacific Advisory
Australian Business Number	13 859 802 815
Australian Company Number	131 918 342
Authorised representative number	330840
Credit representative number	369129

Contact details

Address	Sydney CBD Office Level 14 5 Martin Place Sydney NSW 2000 Norwest Office Nexus Norwest Level 5, 4 Columbia Court Baulkham Hills NSW 2153
Phone	02 9955 8185
Fax	02 8076 7435
Email	david.kennedy@hillross.com.au
Web site	www.hillross.com.au/pacificadvisory

This guide provides information about our advisers including their contact details, qualifications, experience, the services they may offer and financial products they can provide advice on.

Our advice and services

We can provide you with personal and general advice about specific services and financial products listed below. We can also arrange for financial products to be issued without advice from us.

Individual advisers within our firm may not be qualified to provide advice in all of the services and products noted below. Their individual profile guides will note any limitations to the advice they are qualified to provide. At all times we will ensure the appropriate adviser is available to you to provide advice consistent with your goals.

The following table sets out the areas of advice we can help you with as well as the products and services we can arrange.

Any additional advice or services we can offer you, or limitations to the list below, will be outlined in the section entitled **Our Financial Advisers and Credit Advisers**.

We can provide advice on	We can arrange the following products and services
<ul style="list-style-type: none">— Superannuation and retirement planning strategies— Investment strategies and strategic asset allocation— Ongoing advice, service, and strategy management— Aged care options— Centrelink and other government benefits— Personal insurance (including life, disability, income protection and trauma insurance)— Budget and cash flow management— Debt management (including borrowing for personal and investment purposes)	<ul style="list-style-type: none">— Superannuation, including retirement savings accounts— Retirement income streams, including pensions and annuities— Self-managed superannuation funds (SMSF)— Non-super managed investment portfolios— Exchange Traded Funds (ETFs) and Listed Investment Companies (LICs)— Equities (including ASX-listed securities and debt Securities)— Investor directed portfolio services (for example, administration platforms)— Deposit and payment products (for example term deposits, cash management accounts and non-cash payment products)— Standard margin loans— Personal and group Insurance (life cover, disability, income protection and trauma)— Life investment products including whole of life, endowment and bonds— Arranging for listed securities, shares and debentures to be bought and sold via a platform and broker.— Where an administration platform is recommended, we are also authorised to provide a Limited Managed Discretionary Account service

Hillross maintains an approved products and services list from a diversified selection of approved Australian and International providers, including companies related to Hillross.

These have been researched by external research houses as well as our in-house research team.

Hillross periodically reviews these products to ensure that they remain competitive with similar products that address similar client needs and objectives. Generally, we recommend products that are on the approved products and services list. However, if appropriate for your needs, we may, subject to Hillross' approval, recommend other products.

A copy of the approved products and services list can be supplied to you upon request.

If we recommend a new platform or portfolio administration service, we use those approved by Hillross. These services may include those issued by companies related to Hillross.

As at September 2018, the lenders whose products are most commonly recommended by Accredited Mortgage Consultants authorised by Hillross are Westpac, ING, AFG Home Loans, Macquarie Bank, ANZ and Bank Australia.

Tax implications of our advice

Under the Tax Agent Services Act 2009, Pacific Advisory Pty Ltd as Trustee of the Private Wealth Trust, trading as Hillross Pacific Advisory is authorised by the Tax Practitioners Board to provide tax (financial) advice services on matters that are directly related to the nature of the financial planning advice provided to you. We will not consider any other tax matters in our advice to you. Where tax implications are discussed they are incidental to our recommendations and only included as an illustration to help you decide whether to implement our advice.

Transaction services

We can arrange to apply for complete transactions for you on limited types of financial products where we can take your instructions and arrange for the transaction to be completed, without providing personal advice. If you wish to proceed without our advice, we will ask you to confirm your instructions, which will be documented in writing. We will keep a record of this documentation for seven years. You may request a copy of such records by contacting our office during that period.

Your relationship with us and using our services

You can contact us directly with any instructions relating to your financial products. This includes giving us instructions by telephone, mail or email. We can only accept your instructions via email once you have signed an authority form.

We will work with you to agree what advice and services we will provide and when and how often we will provide them.

Where you agree to ongoing advice and services, the details will be documented and provided to you in a service agreement. This includes the frequency of contact between us, service standards that may apply, any ongoing fee arrangements and how the service can be terminated.

If at any time you wish to terminate your relationship with us, please contact us using the details shown in this guide.

Providing information to us

It is important that we understand your circumstances and goals, so that we can provide you with appropriate advice and services. You have the right not to provide us with any personal information. Should you choose to withhold information, or if information you provide is incomplete or inaccurate the advice or services we provide you may not be appropriate for you.

It is also important that you keep us up to date by informing us of any changes to your circumstances so we are able to determine if our advice continues to be appropriate.

Our Advisers

About David Kennedy, CFP®, MBA (Finance), GCertAppFin, ADFS(FP)

Qualifications	Certified Financial Planner (CFP®) Master of Business Administration Graduate Certificate in Applied Finance & Investment Advanced Diploma of Financial Services (Financial Planning) Professional Diploma in Securities & Derivatives Bachelor of Applied Science
Memberships	Financial Planning Association (CFP® Member)
Phone	02 9955 8185
Email	david.kennedy@hillross.com.au
Web site	www.hillross.com.au/pacificadvisory
Authorised representative	330793
Credit representative	368772

Background and experience

Director at Hillross Pacific Advisory, a privately owned, award-winning retirement planning firm providing greater financial certainty for pre-retirees and retirees.

Author of End of the Retirement Age (Money Magazine Book of the Month Dec 2017/Jan 2018), an optimistic exploration of the forces shaping the retirement landscape, the economic opportunities of an ageing population, and the inspiring ways a generation is redefining retirement in pursuit of meaning, purpose and prosperity.

David has discussed retirement trends on Sunrise, ABC Radio Sydney, 6PR News Talk Perth, and 3AW Radio Melbourne. His views on retirement planning issues have also appeared in The Sydney Morning Herald, The Australian and Financial Observer.

He previously worked in corporate strategy and business consulting, and has contributed to curriculum development and assessment of super and retirement planning courses at Kaplan Professional, a leading provider of financial services education.

David holds a Master of Business Administration from the University of Canberra, postgraduate qualifications in finance and investment from FINSIA, and the Certified Financial Planner (CFP®) designation. He is a CFP® practitioner member of the FPA and an Authorised Representative of Hillross Financial Services Limited.

In early 2015 David was announced as the winner of the Hillross Adviser of the Year Award which recognises a CFP® adviser who has demonstrated the highest level of professionalism and excellence through client service, advice delivery and implementation.

The advice and services I can provide

I am authorised to provide all the services listed in the **Our advice and services** section. I am also a Credit Representative of Hillross and am authorised to provide credit advice regarding how to structure debt, suitability of existing loan structures and repayment options. If you require advice involving mortgages or other lending products, I can refer you to an Accredited Mortgage Consultant.

How I am paid

I receive the following from our firm:

- Salary
- Distributions

David Kennedy is an employee and shareholder of Pacific Advisory Pty Ltd ATF The Private Wealth Trust and receives salary plus distributions from the firm.

Client feedback and comments on our services

In 2015 David was announced as the winner of the Hillross Adviser of the Year Award which recognises a CFP® adviser who has demonstrated the highest level of professionalism and excellence through client service, advice delivery and implementation.

A panel from across the industry (including Mark Rantall – Chief Executive Officer of the Financial Planning Association) assessed and judged the award and clients were surveyed by an independent research specialist to assess client advocacy as part of the process.

The below is a summary of direct feedback provided from a survey of more than 100 of our clients:

“David Kennedy provides a feeling that you are the only client such is his attention to detail and personal service. He is completely attentive to my needs and submits plans and attends to all Government regulations sometimes without my need to do so. Mr Kennedy has my support and that of my family.”

“David is a proactive and caring adviser who established in a very short space of time his integrity, knowledge and understanding of our goals and objectives for retirement. Unlike previous advisers I have used, I have complete faith in David's judgement and recommendations for my financial investments.”

“David is always utterly professional as well as being attentive and considerate of my personal situation and circumstances. He is highly intelligent and hardworking and also has high emotional intelligence, this combination of skills, a caring disposition and a justice mindset (wanting the best outcomes for his clients) is wonderful.”

“David always answers my questions no matter how trivial with respect, patience and in a way I can understand. This and his competent handling of our financial affairs has enabled us to feel confident and secure in looking towards our retirement.”

“Last Year, my wife and I undertook major changes in preparation for retirement - the transition phase....David Kennedy was in the plan all the way and assisted with impacts of various options and costings. David was fantastic - he treats my wife and I as if we were his parents!”

“David is absolutely brilliant. We feel that we are on strong financial ground and totally set up for the future. For us ... his advice is a great mix of risk management (our insurances are all in place now) and wealth building (we are invested in a number of managed funds both in Australia and internationally, which have performed very well). I recommend David to all my friends and family - and lots have been to see him, and all feel the same way!”

“He is ethical. There were circumstances where he advised me to take a certain path that resulted in him not being paid for me taking that route (e.g. asking my current bank to match the rate they had quoted; also a time he recommended me going through my existing mortgage to borrow for shares instead of using a margin loan).”

“David and team not only provided me excellent financial advice and took considerable time to ensure I understood their recommended actions, but their customer service and business-like approach is exceptionally good.”

“What I like most about David Kennedy is how he gently reminds me of all the things I have to do and makes me feel he is therefore watching out for my best interest. I definitely am of the opinion that David is one of those advisors who goes the extra mile to make my experience a positive and beneficial one.”

“I have a high regard for David. Apart from his effectiveness and knowledge as an advisor he is also an excellent listener. This quality is much rarer than would be commonly assumed.”

“David has the empathy to understand the underlying as well as the obvious concerns I have raised with him. I also appreciate his ability to explain broad, global issues and how they affect our local market.”

“David is an excellent financial adviser. He is technically very competent is trustworthy and understands his client’s needs and his advice is tailored around the client needs. He is easy to get along with and well liked. I have recommended my family and a number of friends to David. I would strongly support David Kennedy for the Hillross Adviser of the Year Award.”

“I feel very confident that I am being very well advised.”

“David always responds to any queries extremely quickly, is accommodating and has arrangements in place to meet him at another office, should that be more convenient for the client. All in all, he is an exemplary financial adviser.”

“I am really happy with David. So far I have recommended a number of family and friends to David. I think that speaks volumes.”

Our fees

The fees charged for our advice and services may be based on a combination of:

- A set dollar amount; or
- A percentage based fee.

Our agreed advice and service fees may include charges for:

- Initial advice; and
- Ongoing advice.

Please note that for services in relation to insurance, banking deposit products, some loan products and older investment products, commissions may be paid by the product provider as follows:

- Initial commission - a percentage of the value of your investment contributions, loan balance or insurance premiums; and
- Ongoing commission - a percentage of the value of your investment balance, outstanding loan amount or premiums, usually calculated at the end of each month in which you hold the investment or loan, or on renewal of insurance products.

Payment methods

We offer you the following payment options for payment of our advice fees:

- BPAY, direct debit (savings), credit card or cheque; and
- Agreed deduction from your investment.

All fees and commissions will be paid directly to Hillross as the licensee. They retain a percentage (as a licensee fee) to cover their costs and the balance is passed on to us. The percentage is determined annually, based on a number of factors, including our business revenue for the prior year.

For details of our service fees, please refer to the section entitled **Schedule of fees**.

Schedule of fees

These prices should be used as a guide only. We will discuss your individual needs and agree our fees with you. The actual agreed fees will depend on factors such as the complexity of your circumstances and goals and the scope of the advice.

Initial strategic advice fees

We charge on a fee-for-service basis, and the following are some of the most common issues we discuss with clients:

- Preparing for retirement and making the most of your super.
- Structuring your financial holdings to increase ongoing tax efficiency.
- Generating a sustainable combination of income and growth in retirement.
- Investing an inheritance or lump sum.
- Understanding the benefits of self-managed super.
- Building a tailored investment portfolio using expert research.
- Protecting your family using personal insurance.
- Ensuring your wealth is effectively transferred to future generations.
- Saving for your children's education.

To help you achieve your goals in these areas where provide advice in the following stages:

Initial strategy design

This stage involves initial client meetings, strategy research and formulation, portfolio construction, Statement of Advice (financial plan) presentation, and the implementation of all recommendations.

Clients pay a one-off fee that is determined by the level of complexity involved, value delivered, and the time and resources required to prepare and deliver the advice.

The following fees are payable on presentation of your Statement of Advice:

Initial service	Fee amount (excluding GST)
Standard Strategy - Statement of Advice	Starting from \$3,000.00
Comprehensive Strategy - Statement of Advice	Starting from \$4,500.00
Complex Strategy - Statement of Advice	Starting from \$6,000.00

We quote any fees applicable to your advice in an *Initial Strategy Assessment & Proposal for Advisory Services* which is generally provided within 7 days on your initial consultation.

Specialty advice areas on a fixed cost basis

Clients may also engage us for one-off advice in a specialty area such as Aged Care, Centrelink, or to arrange for a transaction to be completed where you do not require personal advice (execution-only services).

The following fees will be quoted on a 'project basis' for your approval prior to the commencement of any work. Fees are invoiced upon completion of the agreed project.

Speciality advice or service area	Fee amount (excluding GST)
Aged Care – Scenario Analysis & Statement of Advice (flat rate)	\$4,500.00
Centrelink Assistance - Applications and verification (hourly)	\$270.00
Arranging execution-only transactions (hourly)	\$270.00

Ongoing advice, service and strategy management fees

We offer ongoing advisory services as part of our client value proposition. Ongoing advice and service is provided via a structured program designed to ensure you remain on track to achieve your goals.

The program includes periodic strategy optimisation meetings, ongoing portfolio management and reporting, financial modelling and long-term projections of your position relative to your goals, ongoing advice document preparation within the current scope, access to relevant investment opportunities and equities research, legislative and market updates, invitations to clients events, and unlimited access to your adviser and support staff.

Fees are set based on a combination of the quantum and components of your portfolio, the complexity of your strategy and the time and resources required to manage and review your position in accordance with your objectives and risk preferences.

The indicative annual cost for these services is as follows:

Ongoing advice and service components	Indicative annual fee (excluding GST)
<ul style="list-style-type: none">Periodic strategy review sessions.Ongoing strategy management and reporting.Financial modelling and long-term projections of your financial position relative to your goals.Unlimited access to your adviser and support staff.Access to relevant investment opportunities and equities research.Legislative, economic and market updates.Referrals to legal, tax, and lending professionals.Invitations to client events.24/7 online access to your portfolio data.	Starting from \$4,000.00 pa

These prices should be used as a guide only. We will discuss your individual needs and agree our costs with you on an individual basis.

Payment methods

Clients have the choice to pay for initial and ongoing fees via direct invoice or an agreed portfolio deduction. Where you choose to pay our advice fees via your portfolio, initial advice fees will be deducted from your product upon implementation of our advice and ongoing advice fees will be deducted from your product generally on a monthly basis.

Where you have asked to be invoiced directly for our advice and services we will provide you with an invoice for initial advice fees at the time of presenting our advice to you and for ongoing advice fees monthly, quarterly or half-yearly. Payment is required within 14 days of receiving our invoice and can be paid by:

- BPay
- Direct debit
- Credit card (American Express, Visa, or Mastercard)
- Cheque (Please make cheques out to Hillross Financial Services Limited)

Other costs

Where other costs are incurred in the process of providing our advice and services to you, you will be liable for these costs. However, we will agree all additional costs with you prior to incurring them.

Other benefits we may receive

The following is a list of benefits we may receive other than those explained above. These are not additional costs to you. These benefits may be monetary or things like training, events or incentives we are eligible for.

In addition to the payments we may receive for our advice and services, we may receive other support services from the licensee. We may also be eligible to receive financial and training assistance, prizes and awards or events in recognition of financial planning excellence and innovation, including if we qualify under the licensee's excellence program, and business performance or business costs. These benefits are paid either at the licensee's discretion or depending on meeting certain qualifying criteria including the quality of our services, business goals and ranking against other firms in Hillross. The amounts are set by the licensee from time to time (usually on an annual basis). We may also participate in business lunches or receive corporate promotional merchandise tickets to sporting or cultural events and other similar items.

Development, management and advice (DMA) recognition

We may qualify to receive DMA or equivalent payments to recognise our growth and professionalism. The DMA payment is based on a rate and determined by our ranking relative to other Hillross firms. The relevant rate may range from 0% to 10%, depending on our ranking. It is then applied to our firm revenue and paid to us across the year.

For example, if our DMA is set at 1% and our revenue for the prior year was \$200,000, we would receive a total of \$2,000 for that year.

How our performance is ranked

Ranking of firms is determined yearly by a points system which is a broad measure of the growth and professionalism of our firm as compared to other firms in the Hillross Financial Services network. The points system is based on a combination of factors within a balanced scorecard such as the quality of our services, compliance, our business goals and our engagement with our clients through a measure called Advice Growth Index (AGI). AGI measures the value of our fee for service revenue and the change in our clients' product holdings over the measurement period.

Para-planning costs subsidy

We may be eligible for a subsidy from AMP in relation to paraplanning costs, depending on the number of paraplanning requests that we make in a particular month. If our firm submits a minimum of 5 paraplanning requests per eligible authorised representative in our firm, we receive a discount of up to 10% in relation to these costs. For example, if the total cost of 5 SOAs is \$1,000 we will receive a discount of up to \$100 (10% x \$1,000 = \$100) and pay a discounted fee of minimum \$900.

Placement fees

From time to time Hillross will receive fees from brokers or product issuers (including AMP group companies) for arranging client participation in Initial Public Offerings (IPOs) of financial products. The fee, which is generally a percentage of the fee paid to the broker, varies from offer to offer and by the level of participation by Hillross. We may share in this fee based on the level of participation by our clients.

Business buy-back option

If we leave the financial services industry, Hillross makes available a facility for its authorised representatives to transfer their clients. If this happens, Hillross may buy back

the servicing rights of our clients. The facility is subject to certain conditions (such as, reason for sale, time the firm has been operating with Hillross, level of adherence to Hillross compliance requirements and achieving a satisfactory level of customer service), and provides a minimum value for our register of clients. The minimum value is based on a multiple of firm revenue. If at some future time we should look to sell our firm, Hillross may purchase the servicing rights of our clients in these circumstances.

Personal and professional development

Hillross provides personal and professional development opportunities in the form of education and professional development programs, offered annually to qualifying firms.

Summit

The Summit is a national convention available to advisers from all Hillross practices. Hillross subsidises the expenses of those who attend the convention up to a maximum value of \$1,200 per annum per firm.

Education and professional development programs

Hillross will subsidise the cost of our participation in approved education and professional development programs if we meet specific qualification criteria. The qualifying criteria is based on a combination of factors including the quality of our services, our business goals and our ranking against other firms in Hillross. The maximum amount of this subsidy is \$12,000 per annum per firm. Advisers can allocate a percentage of their grant towards travel and accommodation to attend an approved course.

Hillross will also provide a grant to us if we meet specific qualification criteria by reimbursing the firm up to 20% of the licensee fees payable by the firm to the licensee in 2017 to meet the training and education requirements for financial advisers as required by Financial Adviser Standards and Ethics Authority.

Amicus program

In addition to the above, certain firms that meet additional qualification criteria will be eligible to participate in the Amicus program, an additional personal and professional development program organised by Hillross. If a firm qualifies for the Amicus program, Hillross will subsidise the cost of their participation up to a maximum value of \$15,000 per annum per firm.

Commission

We do not receive commissions on investments through new superannuation, managed funds or retirement products. However, some existing products (particularly older products), may attract commissions. Any commission amounts will be disclosed to you when providing our advice. The following table is a guide of commissions we may receive:

Product type	Initial commission	Ongoing commission	Example
Investments	Up to 0.00% of all contributions made to the investment.	Up to 0.60% of the investment value each year.	If you made an investment of \$10,000, we would receive up to \$0.00 initially and \$60.00 per year.
Insurance (including those held within superannuation)	Up to 77% of the first year's premium.	Up to 22% of the premium each following year.	If your insurance premium was \$1,000, we would receive up to \$770.00 initially and \$220.00 per year.

If an agreed advice fee is charged then we may rebate all or some of the commission.

Our services for Managed Discretionary Accounts

We offer limited types of Managed Discretionary Account services (MDA services) within approved investment platforms. Through these services, 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. However, we do not (and we are not authorised to) open new accounts, withdraw funds or contribute funds to your investment.

What are the risks associated with using the MDA service?

By authorising us to make changes to your investments, you cannot claim we were not acting on your behalf if we acted within the authority given. Therefore, our acts bind you. It is important you understand what we are authorised to do and that you carefully read and understand the activities that you are authorising us to do on your behalf.

The following risks are associated with investing through the MDA Service:

- Fair dealing: the risk of the authorised representative providing preferential treatment to some clients at the expense of other clients. For example, an attractive float is promoted to high net worth clients only and therefore other clients fail to receive an offer.
- Reasonable basis: the risk of the MDA operator not exercising diligence and thoroughness when making investment recommendations to the client.
- Failing to act responsibly and with a reasonable standard of care: where an MDA operator acts in his or her own interests before the benefit of their clients.
- An MDA service is not suitable for all clients. If you want to retain control of all investment decisions an MDA service will not be appropriate for you. However, if you are an experienced investor and understand the risks associated with having someone else make investment decisions on your behalf then it may be suitable for you.

How can you instruct us to exercise rights relating to the financial products in your portfolio?

Generally, the financial products that 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 within the necessary timeframe. You can then instruct us how you wish us to proceed. Please refer to 'Your relationship with us and using our services' in this guide. Under an MDA you may agree for us to respond on your behalf.

Non-limited recourse products

We may recommend you invest your portfolio in a non-limited recourse product, specifically a margin loan. The amount of borrowing we recommend will be based upon your relevant personal circumstances and goals but only to a maximum of 60% of your investment.

The following risks are associated with non-limited recourse products:

- Gearing can magnify your losses as well as your gains.
- Interest cost may outweigh investment returns and this could potentially have an impact on your cash flow.
- 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.

A margin call occurs when your portfolio drops below the level of security needed to fund the loan.

As part of our ongoing service, we will manage any risks of a margin call on your behalf other than receiving notification of margin calls. The margin lender will directly give you notice of any margin calls. We are not authorised to receive those margin call notices on your behalf.

Our Statement of Advice sets out the strategy for a margin call to review the loan to value ratio back to acceptable levels. We prefer that this is managed through cash injection or lodgement of additional securities/collateral rather than a sell down of the investments or crystallising losses.

If the value of the investment is less than the value of the loan, it will be inadequate to clear the associated debt, so more assets may need to be sold. Also, you may incur capital gains tax liability on the sale of your other assets. If in the unfortunate event, that neither of these balances is sufficient, you may be left with a remaining debt that will need to be repaid on an ongoing basis via your cash flow.

In the event of you having to sell your principal residence, note that it is not subject to capital gains tax and whilst the sale would incur selling costs, there would be no additional tax liability.

For example, if you use \$10,000 of your own money and borrow \$90,000 via a margin loan to invest in \$100,000 in shares - if your shares suffer a significant decrease in value to \$80,000 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 \$10,000 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.

Keeping you informed

You will have access to information regarding the trading on your account. This information will set out the transactions that we have undertaken on your behalf, as well as a detailed valuation of the assets and liabilities in your portfolio.

You can elect to either have continuous online access to your portfolio, together with the receipt of an annual statement, or receive paper statements both quarterly and annually.

Do you have to enter into a contract for us to provide MDA services?

Yes. This MDA contract will set out the terms and conditions of the authority and the investment program, which sets out how your money will be invested. We will agree and prepare the investment program for you based on your relevant personal circumstances, your financial objectives and your needs and review the program every 12 months. The Investment Program will be prepared in accordance with the requirements of Division 3 of part 7.7 of the Corporations Act 2001 (the Act) and will comply with the requirement to act in the best interest of the clients as required by Division 2, Part 7.7A of the Act. In addition, the Investment Program will include information about:

- the nature and scope of the discretions we will be authorised and required to exercise under the MDA contract
- 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. It will also specify that the MDA service may cease to be suitable for you if your relevant personal circumstances change.

Do we provide custodial or depository services for your portfolio?

We do not provide custodial or depository services. This means that you will either hold the investments in the portfolio, or the custodian nominated for that financial product will hold them.

Relationships and associations

It is important that you are aware of the relationships that Hillross has with providers of financial services and products as they could be seen to influence the advice you receive.

About our licensee

Hillross Financial Services Limited

ABN 77 003 323 055

Australian Financial Services and Australian Credit Licensee

Licence No: 232705

Hillross has:

- Approved the distribution of this guide
- Authorised us to provide advice and other services as described in this guide
- Authorised us to provide credit assistance services to you

Hillross' registered office is located at 33 Alfred Street, Sydney, NSW 2000.

About the AMP Group

Hillross is a member of the AMP group of companies. We can provide advice on products from a wide range of financial product providers, some of which are related or associated with Hillross, namely:

- | | |
|--------------------------------------------|-------------------------------------------------------|
| — National Mutual Funds Management Limited | — AMP Capital Funds Management Limited |
| — NMMT Limited | — AMP Capital Investors Limited |
| — N.M. Superannuation Pty Limited | — AMP Superannuation Limited |
| — Multiport Pty Limited | — AMP Life Limited |
| — ipac asset management limited | — Cavendish Superannuation Pty Ltd |
| — AMP Bank Limited | — Australian Securities Administration Limited (ASAL) |
| — SMSF Administration Solutions Pty Ltd | — SuperConcepts Pty Ltd |

If we recommend a product issued by the AMP Group or a third party product issuer, they will benefit from our recommendation by receiving product, administration and investment fees, as well as fees paid by fund managers to distribute their product. These fees are all disclosed in the relevant PDS or IDPS guide.

Authorised representatives and/or staff employed in our business may hold shares in AMP Limited, whose share price may be favourably affected by the sale of products issued by AMP Group companies.

Hillross' relationships with other companies

AMP Services Limited (ASL) provides administration services and distribution infrastructure services to several issuers of financial products and loan products under agreements entered into prior to 1 July 2013.

In return for those services, ASL receives remuneration as set out below:

- For investment products and loan products – up to 0.33%* p.a (including GST). of funds under administration, the balance of any relevant cash account or the total loan value outstanding.

By way of example:

- If total funds under administration for a particular investment product is \$10 million, ASL would receive \$33,000.

Margin lenders may make payments to ASL of up to 0.55% pa (including GST) in respect of margin loans calculated on the outstanding balance of a loan. Payments are normally made monthly. As an example, for each \$10,000 of an interest only loan, the payment would be \$55 over a year. However, for other loans, the payments will vary as interest is charged and principal is repaid. Our firm does not receive any part of the payments received by ASL, although we may indirectly benefit from these arrangements through the Hillross recognition program referred to earlier in this Guide.

From time to time, ASL may facilitate access to Hillross and its authorised representatives for issuers to train or educate Hillross and its authorised representatives on their products.

Arrangements with platform providers

This section of the FSCG sets out our relationships with platform providers and how these may influence the advice we give you.

Overview

Where you invest through platform products and services (such as investor directed portfolio services or IDPS), we may receive remuneration from those platform providers. Fees, commission payments and other benefits may be calculated as a percentage of your financial interest in a product or service or on the total amount of business advised. The amount and calculation of those fees are shown in the relevant disclosure document. Some fees and commission payments we receive may relate to arrangements existing before 1 July 2013.

Specific arrangements

We have arrangements with third parties for administration and support services in relation to the products below.

PortfolioCare platform

PortfolioCare products and services are issued by companies in the AMP Group and also provide administration and support services in respect of PortfolioCare. Administration services are performed by Asgard Capital management Limited (Asgard).

If you access a product in the PortfolioCare range, then administration fees and, where applicable, trustee fees, are deducted from your account. These fees, as set out in the product disclosure statement or IDPS Guide, are paid to Hillross after deduction of expenses for administration services and other services provided as mentioned above.

Further details about the fees and costs of investing in PortfolioCare are detailed in the relevant product disclosure statement or IDPS Guide. For closed products, please review the product disclosure statement you received when first investing in the product together with any correspondence from the issuer outlining changes to those fees and costs. Note that PortfolioCare Elements (super/pension, investment) closed to new members and investors in 2016.

Definitive Wrap platform

Definitive Wrap closed in 2014.

If you have accessed a product through the Definitive platform, which is operated by Macquarie Investment Management Limited (MIML), then the administration fees are deducted from your account within that platform and paid to Hillross. MIML is paid a fee by Hillross for administering this platform.

Further details about the fees and costs of investing in the Definitive Wrap platform are detailed in the product disclosure statement or IDPS guide you received when first investing in your product or service together with any correspondence from MIML outlining changes to those fees and costs.

AMP Personalised Portfolio platform (Personalised Portfolio Service or PPS)

PPS is operated by NMMT Limited ((NMMT)), which is part of the AMP Group. If you invest into PPS your administration fees are payable to NMMT. NMMT passes a portion of these fees on to other AMP group companies and associates, including Australian Securities Administration Limited for the administration services they provide.

If you invest in a model portfolio or managed fund managed by a company in the AMP Group, they may also receive investment management and performance fees based on your investment in their investment options.

Payments made to AMP group companies are generally calculated as a percentage based on the amount of money you have invested into PPS or, for any investment management and performance fees, a particular investment option.

Further details about the fees and costs of investing in PPS are detailed in the product disclosure statement for PPS.

Confidence in the quality of our advice

If at any time you feel like you are not satisfied with our services, the following will help you understand your options and find a resolution.

- Contact your adviser and tell them about your complaint.
- If your complaint is not satisfactorily resolved within three business days, please contact AMP Advice Complaints:
 - Phone 1800 812 388
 - Email advicecomplaints@amp.com.au
 - In Writing:
Attention: National Manager, Advice Complaints
33 Alfred Street
Sydney NSW 2000
- They will try to resolve your complaint quickly and fairly.

If your complaint has not been resolved satisfactorily, you may escalate your complaint to one of the following External Dispute Resolution Schemes listed in the following below.

Any issues relating to financial advice, investments, superannuation, insurance matters, or credit matters	Australian Financial Complaints Authority (AFCA) GPO Box 3 Melbourne VIC 3001 1800 931 678 www.afca.org.au info@afca.org.au
Any issue relating to your personal information	The Privacy Commissioner GPO Box 5218 Sydney NSW 2001 1300 363 992 privacy@privacy.gov.au

You may also contact the **Australian Securities & Investments Commission (ASIC)** on 1300 300 630 (free call info line) to make a complaint and obtain information about your rights.

Professional indemnity insurance

We maintain professional indemnity insurance to cover our advice and the recommendations provided by your adviser. Hillross is also covered by professional indemnity insurance and this satisfies the requirements imposed by the Corporations Act 2001 and National Consumer Credit Protection Act. The insurance covers claims arising from the actions of former employees or representatives of Hillross, even where subsequent to these actions they have ceased to be employed by or act for Hillross.

Your privacy

We are committed to protecting your privacy. Below we outline how we maintain the privacy of the information we collect about you.

Privacy Collection Statement

As part of the financial planning process, we need to collect information about you. Where possible we will obtain that information directly from you, but if authorised by you we may also obtain it from other sources such as your employer or accountant. If that information is incomplete or inaccurate, this could affect our ability to fully or properly analyse your needs, objectives and financial situation, so our recommendations may not be completely appropriate or suitable for you.

We are also required under the Anti-Money-Laundering and Counter-Terrorism Financing Act (AML/CTF) 2006 to implement client identification processes. We will need you to present identification documents such as passports and driver's licences in order to meet our obligations.

We keep your personal information confidential, and only use it in accordance with our Privacy Policy. Some of the ways we may use this information are set out below:

- Your adviser and Hillross may have access to this information when providing financial advice or services to you;
- Your adviser may, in the future, disclose information to other financial advisers, brokers and those who are authorised by Hillross to review customers' needs and circumstances from time to time, including other companies within the AMP group (the Group);
- Your information may be disclosed to external service suppliers both here and overseas who supply administrative, financial or other services to assist your adviser and the Group in providing financial advice and services to you. A list of countries where these service providers are located can be found in the Group Privacy Policy;
- Your information may be used to provide ongoing information about opportunities that may be useful or relevant to your financial needs through direct marketing (subject to your ability to opt-out as set out in the Group Privacy Policy);
- Your information may be disclosed as required or authorised by law and to anyone authorised by you.

Your adviser and Hillross will continue to take reasonable steps to protect your information from misuse, loss, unauthorised access, modification or improper disclosure. You can request access to the information your adviser or Hillross holds about you at any time to correct or update it as set out in the Group Privacy Policy. The Group Privacy Policy also contains information about how to make a complaint about a breach of the Australian Privacy Principles.

For a copy of the Group's Privacy Policy visit <http://www.amp.com.au/privacy> or you can contact us.