



Financial Services Guide

A guide to our
relationship with you

1 November 2018

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Our Financial Services Guide explains our relationship with you and others. Please read it carefully and keep it in a safe place for future reference.

This guide is designed to assist you in deciding whether to use the financial services offered by us and includes:

- The services we offer you,
- How we and our associates are paid,
- Our complaints resolution procedures and how you can access them,
- Our privacy policy.

About us

For more than 40 years, our team of specialists have worked with clients, guiding them through their unique financial journey and helping them implement the strategies required to achieve their short, medium and long term financial goals. We adopt a Total Wealth Management approach that enables us to provide our clients with a tailored solution that is truly aligned to the achievement of their personal, business and lifestyle ambitions and the financial goals that underpin them.

Our vision

To be recognised as a market leader in Total Wealth Management through our commitment to providing our clients with specialist advice and integrated solutions that improve their lives and deliver complete financial clarity.

The achievement of this vision is only possible by living our closely aligned values of:

- **Delivery**
- **Innovation**
- **Collaboration**
- **Integrity**
- **Enjoyment**

Solutions focus

We specialise in providing integrated financial advice solutions to business owners, professionals, high income earners and self-funded investors.

To achieve this, we have built a suite of specialist advice capabilities and developed an advice model that seamlessly integrates them to deliver optimal financial advice – a complete wealth management solution without the traditional gaps in formation and execution.

Our financial services include:

- **Total Wealth Management**
- **Investment Advisory**
- **Self-Managed Superannuation Advisory**
- **Personal Risk Insurance Advisory**

We also offer taxation, accounting and business succession advisory services.

Our difference is not only found in our innovative integrated financial advice model. We consider ourselves unique in our ability to deliver on the promise of a complete financial advisory solution. We can achieve this by either acting as a client's lead adviser or as a key member of their financial advisory team.

We may provide you with the following documents when providing our services, including:

A Statement of Advice (SoA)

If we provide you with advice about your personal circumstances, then we will provide you with an SoA. This will contain our advice, the basis of our advice, and information on any remuneration, associations or other interests which might reasonably have influenced us in providing our advice.

A Record of Advice (RoA)

If we provide any related advice subsequent to the SoA and that advice takes into account your relevant personal circumstances, then you may receive written confirmation of that advice in the form of an RoA. If you have not previously been provided with such a record, you may request your RoA either verbally or in writing. A new SoA will only be provided if your circumstances have changed significantly or the advice pertains to a different type of financial product.

A Product Disclosure Statement (PDS)

If we recommend a particular financial product to you, then we will also provide you with a PDS containing information about the product such as its features, risks and costs.

You may request a copy of these documents for up to seven years after the advice was provided.

A guide to our relationship with you and others

1. What services can we provide?

As an Australian Financial Services Licensee, MGD Wealth is licensed to provide financial product advice and deal in the following types of financial products:

Investments including:

- Managed Investments
- Portfolio Administration Services (including Investor Directed Portfolio Services)
- Deposit Taking Facilities
- Margin Lending Facilities
- ASX Listed Securities
- Insurance and Education Bonds
- Derivatives
- Retirement Savings Accounts
- Government Debentures, Stocks & Bonds
- Annuities

Superannuation including:

- Self-Managed Superannuation Funds
- Retirement Income Streams
- Retail Superannuation Funds

Insurance including:

- Life Insurance
- Disability Insurance including lump sum, income protection and business overheads contracts
- Critical Illness Insurance

2. What will your Financial Adviser do?

Your Financial Adviser will:

- Provide you with advice tailored to your individual needs and circumstances;
- Deal with you in an efficient, honest and fair manner;
- Only implement strategies once you have agreed they are appropriate for you.

We act for you when giving advice and making financial product recommendations.

While our product research considers a broad range of products and our approved product list contains only those products that are worthy of recommendation to our clients, we favour a liability driven approach to investing which aligns clients' investments with their short, medium and long term goals. If this approach is suitable for you, we may recommend that you invest in MGD Wealth Portfolio Solutions, a managed investment scheme managed by our related company, LDI Connect Asset Management Ltd. It offers a range of model investment portfolios that align with the timing of expenditure on important lifestyle requirements and milestones such as children's education, holidays, car upgrades, retirement and pension income.

3. What do we expect of you?

You need to provide us with information about your personal objectives, needs and your current personal and financial situation so that we can offer you advice that is appropriate for you. You need to keep us updated of any changes to your circumstances. You have the right not to provide this information, but, if you don't, the advice you receive may not be appropriate to your needs, objectives and financial situation.

You should read the warnings contained in the SoA, PDSs and other related material carefully before making any decision relating to a financial product.

You may give us instructions in person, by phone or email.

4. How are we paid for our services?

The types of fees you can be charged are listed on the following pages. You may be charged a combination of these fees.

The fees you pay will be outlined in your engagement letter and/or ongoing service agreement and will be discussed with you before we provide any services. Our remuneration terms will also be disclosed in your SoA.

Investment and Wealth Advisory Services

- **Initial Meeting and Discovery Fees**

We do not charge for the first meeting with new clients or for the discovery (information gathering) time invested in the initial phases of engaging with new clients.

- **Strategic and Investment Advice Fees**

We may charge fees for the preparation and presentation of our advice. These fees will be based on your individual circumstances including the scope and scale of the advice you seek, the complexity of your situation, the number of entities involved, whether we need to engage with other professional or technical experts and the time it takes to prepare personal financial advice for you.

Our hourly rates for advice range from \$350 to \$650 per hour. As a guide, the advice fees that may apply range from \$1,500 +GST for simple advice through to \$12,000 +GST for complex advice.

- **Implementation Fee**

We may charge a time-costed fee to implement our recommendations. If this applies, it will be detailed in your engagement letter or SoA.

As a guide, our standard hourly rate for this service is between \$180 and \$280 per hour (+GST).

- **Ongoing Advice and/or Service Fees**

Our fees for ongoing wealth management and portfolio reviews and/or other agreed ongoing services will be documented in your engagement letter and/or ongoing service agreement. These fees take into account a range of factors, including:

- The complexity of your financial situation and investment structure arrangements;
- Your life cycle and employment situation (retired, pre-retiree, employed, self-employed etc);
- The nature of your investment portfolio arrangements and strategies; and
- Your personal preferences in respect of frequency of reporting and ongoing discussions.

Our fees will generally be either:

- Fixed - a fixed annual retainer; or
- Hybrid - a combination of a fixed dollar amount and an amount based on a percentage of the value of invested capital under our advice.

Fixed annual retainers are commonly between \$2,500 +GST and \$25,000 +GST per year.

Hybrid annual retainers are generally between \$5,000 +GST and \$8,000 +GST plus 0.35% (+GST) of the value of invested capital under our advice.

For example, a client with a portfolio valued at \$1,500,000 may pay \$10,250 p.a. (\$5,000 + \$5,250) +GST.

However, we do stress that ongoing service fees are tailored to client circumstances and there are a range of factors (as detailed above) that are taken into account.

For clients with geared portfolios, we charge a time-costed or fixed review fee.

These fees do not include taxation services which may be billed separately.

Our fees can be invoiced to you directly, paid via direct debit and/or deducted from your investment account. Where they are deducted from your investment account, your account statement will usually show them as an Adviser Service Fee. In most instances, you will be able to select the method of payment that suits you best. We will discuss and agree the method of payment with you before we provide you with services.

- **Investment Management Fees**

If you invest in MGD Wealth Solutions, our related company LDI Connect Asset Management Ltd will receive 0.75% p.a. of the net asset value of the funds under management in the LDI Connect 3 and 7 Portfolios and 1.00% p.a. of the funds under management in the LDI Connect 20 Portfolio.

LDI Connect pays a portion of these fees to MGD Wealth Portfolio Solutions' responsible entity, EQT Responsible Entity Services, and its asset consultant, Willis Towers Watson, for their services (which include investment research, additional investment resources, risk management systems, investment execution and dealing).

- **Other Remuneration**

For investments we arranged for you before 1 July 2013, we may receive ongoing commissions of up to 10% or \$1 per \$10 of the value of your investment at the time of calculation.

If your investments are administered by the Comet Wrap Service, its operator, BT Portfolio Services Ltd, pays MGD Wealth up to 0.50% or \$5.00 per \$1,000 p.a. of the value of your Comet Investments as payment for administrative functions we perform for them.

If these arrangements apply to you, they will be disclosed to you in your SoA.

Insurance Products

For our life insurance services, we accept initial and ongoing commissions from the insurers with whom we arrange your insurance. These are included in the cost of the policy. The amount varies depending on the type of insurance, and will either be:

- Hybrid commissions of up to 80%* of the first year's premium (which will reduce to 70%* from 1 January 2019 and 60%* January 1 from 2020) and 20%* of each subsequent year's premium; or
- Flat commissions of 34% of each year's premium.

As an example, if the cost of your policy* is \$2,000 and MGD Wealth accepts an 80%/20% hybrid commission, we will receive \$1,600 in the first year of the policy and \$400 in subsequent years. (This will change proportionately with the policy cost).

If your policy was arranged before 1 January 2018, our initial commission will have been between 0% to 125% of the first year's premium* and our ongoing commissions will be between 0 to 34% of each subsequent year's premium*.

If we arrange an increase of the amount for which you are insured, we will receive an initial commission on the premium* attributable to the increased cover at the rate we received when we first arranged the policy. For example, if the premium* for the increased cover is \$400, and we received a 125% initial commission when we arranged the policy, we would receive \$500 for our work in arranging the increased cover. Some or all of the commissions may be passed on to your adviser - see below.

We may also charge a fee for our insurance services. The fee will depend on the complexity of your insurance needs and the time it takes to advise and implement your requirements. As a guide, our hourly rates for insurance advice range from \$350 to \$650 per hour.

*excluding taxes and statutory charges

Other Payments from Product Providers - Life Insurance Products

We may receive an additional commission from AIA Australia for some types of policies we arranged with them before 31 March 2018. The amount of that commission, if any, depends on the volume of those policies that remain in force and will range from 0 - 2% of the premium. We will not receive this commission for policies issued after 31 March 2018. If you hold one of those policies, we will tell you how that remuneration is calculated when we advise you about your policy or as soon as practicable after that time.

5. Do we have any relationships or associations with financial product issuers?

MGD Wealth Ltd and LDI Connect Asset Management Ltd are both owned by entities associated with our directors, Paul Bodimeade, Brett Schmidt, John Barton, Andrew Albury and Stephen Furness. They receive dividends when profits are realised.

6. How are our advisers remunerated?

Our advisers are paid an annual salary. They may also receive a performance bonus, which is based on a balanced scorecard assessment of their annual performance.

Instead of a salary, one of our insurance advisers, David Hare, receives 60% of the initial commissions and fees received in relation to life insurance advice. He does not receive a share of ongoing commissions.

7. Will anyone be paid for referring you to us?

MGD Wealth has a number of formal referral arrangements where we pay 10% to 16% of the initial and ongoing revenue we receive for the referred clients to the referrer. If you have been referred to us, your SoA will set out the amount we pay to your referrer.

8. What should I do if I have a complaint?

- Contact your MGD Wealth Adviser;
- If your complaint is not satisfactorily addressed in ten working days, please contact our Chief Executive Officer on (07) 3391 5055 or put your complaint in writing and send it to us at the below address and we will seek to resolve your complaint quickly and fairly:
MGD Wealth Ltd
PO Box 7074 East Brisbane QLD 4169
- We are a member of the Australian Financial Complaints Authority (AFCA). If your concern is not resolved within 45 days, we may request a further 45 days to resolve the matter.

However, if you are not satisfied with the decision (or the extension request) then you may contact the AFCA. You may contact the AFCA by writing to:

GPO Box 3 Melbourne VIC 3001

info@afc.org.au | 1800 931 678 | www.afc.org.au

9. Professional Indemnity Insurance

MGD Wealth Ltd holds Professional Indemnity Insurance which meets the requirements of the Corporations Act and is designed to protect our clients in the event of a loss from an error or negligence on behalf of MGD Wealth Ltd, its current and past employees and authorised representatives (for actions whilst they were employed or authorised by MGD Wealth). This policy does not cover losses arising from normal investment market movements and is subject to standard terms and exclusions.

10. Your personal information

MGD Wealth Ltd is committed to protecting the privacy of your personal information. You can access our privacy policy at www.mgdwealth.com.au/privacy-policy/.

We collect your personal information so we can provide you with our services. If you do not provide us with full information, we may not be able to provide you with our services or we may not be able to provide appropriate advice.

We may disclose your personal information to other members of our organisation, anyone we engage to do something on our behalf such as a service provider, and other organisations that assist us with our business. We may also disclose your personal information to third parties such as a complaints body to whom a complaint relating to a product or service is referred, any party acquiring an interest in our business and anyone acting on your behalf.

We may also collect from the parties listed above any personal information they may hold about you which relates to our provision of financial advice.

We will not disclose your personal information to an entity which is located outside Australia.

As a provider of financial services, we have obligations to disclose some personal information to government agencies and regulators in Australia, and in some cases offshore. We are not able to ensure that foreign government agencies or regulators will comply with Australian privacy laws, although they may have their own privacy laws. By using our products or services, you consent to these disclosures.

We are also required, pursuant to the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF) and its corresponding rules and regulations, to implement certain identification processes. We may be required to obtain information about you at the time of providing financial services to you and from time to time in order to meet our legal obligations.

We have certain reporting obligations pursuant to the AML/CTF Act, and information obtained from or about you may be provided to external parties and regulators in accordance with the requirements imposed on us.

We are required or authorised to collect personal information from you by certain laws. Details of these laws are in our privacy policy.

Our privacy policy covers:

- how you can access the personal information we hold about you and ask for it to be corrected;
- how you may complain about a breach of the Privacy Act 1988 (Cth), or a registered privacy code, and how we will deal with your complaint; and
- how we collect, hold, use and disclose your personal information in more detail.

We will update our privacy policy from time to time.

Where you have provided information about another individual, you must make them aware of that fact and the contents of this privacy statement.



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