Australian Financial Services

FINANCIAL SERVICES GUIDE

Introduction

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. The matters covered by the FSG include, who we are, how we can be contacted, what services we are authorised to provide to you, how we (and any other relevant parties) are remunerated, details of any potential conflicts of interest, and details of 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 services described below. You should also be aware that you are entitled to receive a Statement of Advice whenever we provide you with any advice which takes into account your objectives, financial situation and needs. The Statement of Advice will contain the advice, the basis on which it is given and information about fees, commissions and associations which may have influenced the provision of the advice.

In the event we make a recommendation, to acquire a particular financial product (other than securities) or offer to issue or arrange the issue of a financial product, we must also provide you with a Product Disclosure Statement containing information about the particular product which will enable you to make an informed decision in relation to the acquisition of that product.

The distribution of this FSG has been authorised by the licensee, Australian Financial Services Group Ltd.

About Craig Smith & Associates

Craig Smith & Patrick Hegarty are both Australian Financial Services (AFS) financial planning specialists. Craig has 19 years experience and Patrick has 10 years experience in financial services.

Both principals hold tertiary financial planning qualifications.

Strength and competence… AFS is jointly owned by a number of financial advisers from around Australia. AFS is the holder of Australian Financial Services licence number 297239. Under the Corporations Act, our primary responsibility is to you, our client.

Our advisers act on behalf of AFS who is responsible for the advice given. Under the law, and also in practice, our primary responsibility is to you. Our aim is to provide you with your own 'roadmap' to meet your own lifestyle goals.

Education and knowledge for your security…You want to be sure that the investment advice you receive is up to date, accurate and specifically tailored to your benefit. Whilst both Craig & Patrick have many years of practical experience, continuing education is a requirement of our firm, and we attend numerous specialised industry seminars, courses, and study tours each year.

Research for your peace-of-mind… For your peace of mind, all the products we recommend are subject to detailed research and analysis before being placed on Australian Financial Services Approved Product List. Apart from the research conducted by AFS, Craig Smith & Associates' also subscribes to specialist independent research from Lonsec and Australian Agribusiness Group.

We provide **Comprehensive Financial Planning** and offer the following range of services to assist our clients:

- Becoming financially well organised
- Lifestyle planning
- Cash Flow Management
- Risk management
- Investment and superannuation planning
- Estate planning
- Debt restructuring including mortgages and investment loans
- Tax planning
- Wealth creation
- Reviewing and updating our clients financial plans

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Hallidays Point NSW 2430
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Australian Financial Services

Investment Services

- Strategic and Tactical Investment Planning
- Corporate and Personal Superannuation Planning
- Retirement Planning
- Tax Effective Agribusiness Planning
- Home Loans & Margin Loans
- Regular Savings
- Centrelink (Social Security) Advice
- Estate Planning including Business and Family Succession Planning

Life insurance services

- Group Insurance
- Term Insurance
- Trauma and Disability Insurance
- Income Protection/Salary Continuance Insurance
- Key Person and Business Succession Insurance

Fees & Charges

There will be **no fee** for our **initial meeting**, including preparation for that meeting.

Initial Advice Services & Fees

Initial Meeting & Interview	Nil
Financial Plan Preparation & Implementation We will provide you with an estimate of our fee at the completion of the initial interview before proceeding to plan preparation. Fees range between $1,200 to a maximum of $5,500 depending on the time taken and the complexity of the work required. Terms of Engagement will be agreed to prior to plan preparation. As plan fees are not tax deductible 99% of clients prefer to have plan fees paid from funds invested or amounts rolled over (with superannuation).	Minimum - $1,200 Maximum - $5,500
Life Insurance Plan Preparation & Implementation After the initial interview, you may only require life insurance recommendations. We do not charge for insurance advice as Life Office commissions are incorporated into their premiums (i.e. are not an additional charge to you, however we will invoice you for $500 (this fee compensates us for the significant time involved in providing & implementing our recommendations for you). This fee will be refunded in full on acceptance of your insurance applications. This fee will not be refunded if: ▪ You do not proceed with the recommended cover; or ▪ Your applications are declined; or ▪ You decide not to proceed with cover once offered by the Life Office. Initial and Renewal commissions are fully disclosed in $ & % terms in your Statement of Advice and are paid in lieu of a Life Insurance Plan Fee.	$500 refundable subject to conditions
Entry & Exit Fees	Nil

Ongoing Portfolio Review Services & Fees

It is essential that a well made financial plan is regularly reviewed to ensure it continues to meet your objectives in the face of your changing circumstances and changes in the external market environment. The review service we offer is very comprehensive and differs between each of the 4 service levels on offer.

Formal face to face portfolio reviews are available to those clients who meet our minimum fee requirements. Please refer to the attachments to access information on the ongoing service packages:

Premium Service	Investments over $500,000 or ongoing review fees exceeding $5,000 pa
Plus Service	Investments over $250,000 or ongoing review fees exceeding $2,500 pa
Standard Service	Investments over $100,000 or ongoing review fees exceeding $1,000 pa
Basic Service	Investments under $100,000 or ongoing review fees less than $1,000 pa

Clients have the option to choose a higher ongoing review service level for a negotiated fee.

In addition to the above service options you should know that our research committee monitors recommended investments between review dates. We will contact you if we consider there is an urgent need to sell or reduce a holding in between review dates and throughout the year you will have access to your financial planner and to our skilled team of support staff.

Ongoing review fees are calculated using the following fee schedule, subject to any previous agreements entered into:

Review fee per annum *	Portfolio Amount	Average portfolio charge
0.75%	Less than $100,000	$375 on $50,000
0.65%	$100,000 to $500,000	$1,875 on $300,000
0.55%	$500,000 to $1,000,000	$4,125 on $750,000
0.45%	More than $1,000,000	$6,750 on $1,500,000

AFS has negotiated a Marketing Allowance with all Platform users we currently use:

- Navigator
- Skandia
- Strategy

This ranges from 10 basis points to 20 basis points and varies between product type and investment choice between all 3 platforms. These rebates have allowed us to maintain review fees significantly below industry norms.

Ongoing Insurance Review Services

It is appropriate that all insurance is reviewed at least every 2 years, or earlier as circumstances dictate, as your circumstances are continually changing. So too are the offerings by different Life Office's. As examples:

- Some Life Office's will pass on all policy upgrades to their existing clients and some won't
- Some Life Offices reduce their rates with better claim experience or increased market share whilst others do the opposite etc

At a company level we also pay close attention to administration standards and claims experience with the companies we have recommended. In additional the review service we offer includes the following:

Comparative analysis of the competitiveness of your current cover with:

- Premiums; and
- Benefits

Review of the appropriateness of your current levels of cover.

- Another child may require an increase in cover
- A larger mortgage may require an increase in cover
- Moving to a new employer who offers insurance benefits as part of your package needs to be considered with existing personal cover levels etc

For individuals risk policies Australian Financial Services will receive between 5% to 30% of the annual premium per annum, inclusive of GST, for ongoing insurance renewals. In all cases this is paid directly by the insurer and is not an additional charge to you. For the preparation of new quotes and placement of additional insurances refer to initial services outlined above for fees charged.

Corporate Advice Services & Fees

We provide advice to employer superannuation groups. This service includes:

- the provision of strategic and administrative advice to the employer
- group education sessions to employees
- attendance at regular Policy Committee meetings
- assistance on consolidation of employers other super accounts
- Employees associated with such groups receive, on request, a Statement of Advice relating only to their investments and insurances within the group fund. They may elect to engage us for comprehensive financial planning services. In such cases an additional fee will be charged.

Review fee per annum *	Fund Size	Average portfolio charge
0.50%	Less than $1,000,000	$2,500 on $500,000
0.40%	More than $1,000,000	$6,000 on $1,500,000

If a financial product recommendation has also been made, you will be provided with a Product Disclosure Statement (PDS) containing information about the product that will enable you to make an informed decision about the appropriateness of the product.

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Australian Financial Services

Ongoing Portfolio Review Packages

Premium Service - Investments over $500,000 or ongoing review fees exceeding $5,000 pa

These are the main services to which you are entitled from Craig Smith & Associates. We trust they will ensure that your financial objectives continue to be met and that our relationship remains strong. As additional services become available, you will be one of the first to know! In the meantime, your continued feedback is appreciated.

- Bi-annual formal face to face reviews (additional reviews, as appropriate, at your request)
- Review meeting agendas supplied:

  * Review of current situation
  * Review of asset allocation
  * Review of individual fund performance
  * Comparison to relevant indices
  * Recommended changes
- Comprehensive written superannuation/risk/investment reports
- FinaMetrica Personal Financial Profiling Report at commencement
- Quarterly newsletters
- Response to queries within 24 hours
- Estate Planning review (at no charge)
- Facilitation of Will establishment service,

Plus Service - Investments over $250,000 or ongoing review fees exceeding $2,500 pa

- Annual face to face formal review (feel free to contact our office in addition to this as required);
- Review meeting agendas supplied:
  * Review of current situation
  * Review of asset allocation
  * Review of individual fund performance
  * Comparison to relevant indices
  * Recommended changes
- Comprehensive written superannuation/risk/investment reports
- FinaMetrica Personal Risk Financial Profiling Report at commencement
- Quarterly newsletters
- Response to queries within 3 business days
- Will Check-up
- Written Estate Planning review ($500 charge)
- Facilitation of Will establishment service,
- Client feedback programme participation;
- At least one other written or verbal communication during the year.

Standard Service - Investments over $100,000 or ongoing review fees exceeding $1,000 pa

- Annual face to face formal review on request.
  * Review of current situation
  * Review of asset allocation
  * Review of individual fund performance
  * Comparison to relevant indices
  * Recommended changes
- Comprehensive written superannuation/risk/investment reports on request;
- FinaMetrica Personal Risk Financial Profiling Report at commencement
- Quarterly newsletters
- Response to queries within 5 business days
- Will Check-up

Ongoing Portfolio Review Packages continued ...

Basic Service - Investments under $100,000 or ongoing review fees less than $1,000 pa

- Annual phone review on request (additional fee for face to face meeting - feel free to contact our office in addition to this as required):

  * Review of current situation
  * Review of asset allocation
  * Review of individual fund performance
  * Comparison to relevant indices
  * Recommended changes

- Written superannuation/risk/investment reports on request;
- FinaMetrica Personal Risk Financial Profiling Report at commencement
- Response to email queries within 72 hours

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Australian Financial Services

Your Advisers

Australian Financial Services
Craig Smith
Authorised Representative No 263524

- Master of Commerce (M. Com) Financial Planning
- Bachelor of Education (B.Ed)
- Diploma in Teaching (Dip. Teach)
- Advanced Certificate in Real Estate (Adv. Cert R.E.)
- Edwards Memorial Prize for History (A.C.A.E.)

Australian Financial Services
Patrick Hegarty
Authorised Representative No 320032

- Bachelor of Business (B. Bus) Majoring in Accounting & Finance
- Graduate Diploma in Applied Finance & Investment (Grad. Dip)

Australian Financial Services is responsible for the advice provided to clients by Craig & Patrick. Both are authorised to provide both general and specific advice in the following product and advice areas:

- Full Financial Planning
- Investment Advice including Portfolio Construction
- Pre & Post Retirement Planning
- Social Security Planning
- Salary Packaging
- All forms of Wealth Protection
- Tax Effective Agribusiness

Products

- Self Managed Superannuation Funds
- Direct Shares
- Managed Funds
- Personal Superannuation
- Corporate Superannuation
- Tax Effective Products
- Life, disability and trauma insurance with personal and business applications

Background Craig:

Craig is happily married to Jeanette, an artist and interior designer, and has been for over 13 years. They have 2 boys aged 12 & 10. Craig has been in the Financial Services industry since June 1989. Prior to that Craig was a Primary School teacher for 13 years. Craig has gained significant life experiences through growing up on a family farm, catering experience in student years, a brief stint in the entertainment industry and several years as the head sommelier in a leading Sydney restaurant. Craig has always held a passion for investing and financial management and established his own financial planning business in 1989. Craig's interests outside work are his family, travel, wine, family history, reading and West Tigers Rugby League team.

Background Patrick:

Patrick lives in Clovelly in the Eastern Suburbs of Sydney, having not strayed far from where he grew up in Bronte. Patrick started working in the financial services industry in 1997 and has developed significant expertise in tax effective investing and retirement planning. Patrick in his business dealings believes in developing mutually beneficial relationships and is passionate about ensuring his clients receive value for money when recommending investment and insurance products. Outside of work, Patrick enjoys travelling, playing tennis and spending time with family and friends.

Your personal information and privacy

Craig Smith & Associates understands that privacy is important to you and is committed to the protection of your personal information. New privacy legislation commenced on the 21 December 2001. Following is the information that we are required to communicate to you. It is our obligation to ensure that your personal information is secure and confidential.

This may include your:

- Name
- Date of birth
- Current and previous addresses
- Telephone numbers
- E-mail address
- Health & lifestyle details
- Investment goals and objectives
- Financial situation
- Bank account or credit card details
- Occupation; and
- Employer's name and address.

We also hold records of policy numbers and type of insurance & investments that you may have through us.

We maintain records of all recommendations made to you & all correspondence between you and Craig Smith & Associates.

This personal information have been collected directly from you, either through our confidential questionnaires, review appointments, phone calls, e-mail or in documents such as application forms.

Your personal information is used in providing our services to you i.e. advising you and making specific recommendations of appropriate insurance, investment, banking and financial planning solutions.