

FINANCIAL SERVICES GUIDE



SBWEALTH



Purpose and content of the Financial Services Guide ("FSG")

This FSG is an important document which we are required to provide to you. This FSG is designed to inform you of items to consider before deciding whether to use our financial services or products. The FSG is designed to provide you with an understanding of what to expect from our relationship. The items covered by the FSG include:

- who we are and how we can be contacted;
- details of the financial products and services we are authorised to provide;
- information on remuneration paid to SBW and other relevant persons in relation to the services offered; and
- details on our complaints handling procedure and process.

If you choose to use any of our financial services and products, you may also receive other important documents. These documents may include a statement of advice and product disclosure statements.

STATEMENT OF ADVICE

When we give you personal advice, in most instances we will be required to provide you with a statement of advice (SOA). An SOA is normally provided to retail clients when personal advice is given. The SOA is designed to enable you to make an informed decision about whether to act on the personal advice received.

- It will include (but is not limited to) statements and information in relation to:
- the advice;
- the basis on which the advice was given;
- the identity of the person or person(s) advising you; and
- any remuneration, commissions, other benefits and conflicts of interest related to the provision of the advice.

On an ongoing basis, a Record of Advice (ROA) will be prepared instead of an SOA if there have been no significant changes in your personal circumstances and/or the basis of the advice has not significantly changed since your last SOA was provided. You have the right to request a copy of your ROA at any time.

INFORMATION ABOUT EP FINANCIAL SERVICES PTY LTD AND YOUR ADVISOR

Your adviser is employed by SB Wealth Pty Ltd (SBW) and is an authorised representative of EP Financial Services Pty Ltd ABN 52 130 772 495 (EPFS) which holds an Australian Financial Services Licence, number 325252 (AFSL). Your adviser acts on behalf of EPFS and, as the authorising licensee, EPFS is responsible for the financial services we provide to you.

EPFS contact details are:

EP Financial Services Pty Ltd
Level 5 850 Ann Street
Fortitude Valley Qld 4006

GPO Box 5271, Brisbane Qld 4001

Tel: 07 3002 3855
Fax: 07 3211 9444
Email: epfs@elston.com.au

The contact details of your adviser and the services they are authorised to provide can be found on the sticker placed on the inside cover of this FSG.

Elston Asset Management Pty Ltd (EAM) one of the Elston Group of companies has a financial interest in SBW. As such EAM and the Elston Group are entitled to a share of the profits of SBW.

PRODUCT DISCLOSURE STATEMENT

When we recommend a particular financial product (except for listed managed funds and securities), we are generally required to provide you with a product disclosure statement ("PDS") for that financial product. A PDS is an important document that sets out the significant features of a financial product, including its risks, benefits and costs (including any applicable fees). A PDS is designed to help you compare and make informed choices about financial products.

FINANCIAL SERVICES AVAILABLE

EPFS is licensed to provide financial product advice and deal in the following classes of financial products to retail and wholesale clients:

- basic deposit products;
- non-basic deposit products;
- non-cash payment products;
- derivatives;
- government issued debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services;
- managed discretionary account ("MDA") services;
- retirement savings account products;
- securities;
- standard margin lending; and
- superannuation.

Details of the financial products and services your adviser is authorised to provide can be found on the sticker placed on the inside cover of this FSG.

Depending on the circumstances, our advice in relation to financial products may be:

- **General Advice:** this is advice which does not take into account your objectives, financial situation and needs. Documents will be issued with a warning that they contain only general advice. Before making an investment decision on the basis of general advice, you need to consider, with or without the assistance of your adviser, whether the advice is appropriate given your particular personal investment objectives, current financial situation and needs; and/or
- **Personal Advice:** this is advice which takes into account your objectives, financial situation and needs.

PAYMENTS TO SBW FOR THE SERVICES PROVIDED

SBW may charge fees for services and products it provides. Where we provide you with personal advice, detailed information about fees, commissions or other benefits will be contained in the SOA.

These fees may be charged for various services and products, and may include:

- account opening fee;
- plan preparation fees (these are charged on a case by case basis depending on the level of work involved and other relevant factors. The fee charged will be agreed with you prior to your adviser preparing the SOA);
- assets under management charge (charged on a case by case basis, typically as a percentage of funds under management);
- administration;
- brokerage on share trades;
- implementation fees;
- performance fees; and
- commissions.

All fees set out in the FSG are GST inclusive. We may recover from you any GST we are required to pay as a result of providing services to you

ADVICE FEE

We may charge an hourly rate, a flat fee or a fee based on a percentage of assets under management for certain specialist advice or portfolio monitoring, but any fees will be disclosed and agreed with you. Our Advice Fee may be up to 2.75% per annum of assets held.

PERFORMANCE FEE

Where a performance fee applies, the fee will be calculated as a percentage of any out-performance. Calculations of performance fees can be discussed with your Adviser.

IMPLEMENTATION FEE

A one-off implementation fee may apply when assets are first invested in securities or other non-cash assets on your behalf.

The implementation fee can be a percentage of the amount invested, a flat dollar fee and/ or an hourly rate. Any fee applicable will be agreed with you prior to being charged.

ADMINISTRATION & OTHER FEES

Administration fees are charged under the SB Wealth Premium Partner service. The fees are \$71.50 per month (Inc. GST) or \$858 per annum.

Other fees may be charged from time to time such as off market transfer fees. In such cases, fees will be agreed with you prior to them being charged.

FINANCIAL PRODUCTS

If you invest in a product we recommend, EPFS or SBW may receive fees and/or commissions from the product issuer. Any fees that we are entitled to will be disclosed in the SOA. Any fees to be deducted from your portfolio, other than transaction fees, will only be deducted with your express consent.

If your application for securities is a new issue, privatisation or float, is stamped by us and is successful, we receive a lodgement fee from the relevant company or issuer. Lodgement fees are generally calculated on the basis of a percentage of funds invested. Any lodgement or other fees payable to us will be disclosed in the offer document for the issue.

CALCULATION OF BROKERAGE, COMMISSION AND OTHER CHARGES

You will be charged brokerage by EPFS for each transaction they execute or arrange on your behalf. Payments from you are to be made by electronic payment. SBW and EPFS are unable to accept or pay cash. Brokerage is calculated as a percentage of the total dollar value of the securities purchased or sold on your behalf. Brokerage rates are negotiable with each client and are subject to a minimum brokerage charge of \$138.

For a purchase, the brokerage is added to the consideration payable for that transaction. For a sale, the brokerage is deducted from your gross proceeds. All these amounts are specified on the confirmation of sale or purchase. You may be charged an account opening fee. The account opening fee will vary depending on the complexity of your situation with the maximum fee charged being \$440. The account opening fee will be agreed with you prior to your initial transaction and will be incorporated into the brokerage charge on your initial transaction.

You will also be charged fail fees of \$55 and any applicable ASX fees if you fail to settle a purchase or sale by the time and date shown on the confirmation. Fail fees are charged on the settlement date, and on each day after the settlement date, while settlement remains outstanding.

You may also be charged any Third Party Provider charges in relation to execution, clearing and settlement of ASX transactions.

REMUNERATION OR OTHER BENEFITS RECEIVED BY SBW STAFF

Our employees and directors receive salaries, bonuses, commissions and other benefits from us. The benefits will be determined by meeting various quantitative and qualitative targets. SBW will set out the remuneration and commissions that their employees and directors may receive in the SOA given to you when providing personal advice.

Our employees 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 \$300 will be maintained in a Register.

You have a right to request further information in relation to the remuneration, the range of amounts or rates of remuneration, and soft dollar benefits received by the licensee and/or representative.

DISCLOSURE OF FEES IN THE SOA

Where the amount of SBW's remuneration (including commission) or other benefits or those of SBW's employees, directors or associates ("Fees") cannot be ascertained at the time we give you this FSG, we will provide you with the following information at the time we give you personal advice (by way of an SOA or otherwise):

- The amount of the Fees if the Fees are able to be calculated at the time we give you personal advice; or
- The manner in which the Fees are to be calculated if the Fees are not calculable at the time we give you personal advice.

ASSOCIATIONS AND RELATIONSHIPS

When we recommend products to you, we do so on the basis of research either conducted by us or by third party service providers. We currently have an arrangement in place with each of Bloomberg, UBS and Morningstar for the provision of research.

EPFS will arrange for execution services to be provided to you through UBS Securities Australia Ltd. Fees and charges paid to UBS for providing this service will be paid from the amounts we charge you and are not an additional expense to you.

EPFS is an associated entity to SBW and it or its related entities and officers may be entitled to income and or distributions from the profit of SBW.

COMPENSATION

EPFS maintains professional indemnity and fraud insurance that meets the requirements for compensation arrangements under section 912B of the Corporations Act 2001 (Cth).

SPECIALIST INVESTMENT SERVICES

SBW offers two specialist investment management services, Investment Partner a non-discretionary portfolio management service and Premium Partner a Managed Discretionary Account Service.

INVESTMENT PARTNER SERVICES

Investment Partner (non-discretionary) services requires a minimum portfolio size of \$150,000. The fees we charge for Investment Partner (non-discretionary) services are as follows:

SERVICE	ADVICE FEE*	BROKERAGE**	SERVICE
Investment Partner Service (non-discretionary service)			
Option 1	●	●	Up to 2.75% Advice Fee plus Brokerage at up to 1.65%
Option 2	●		Up to 2.75% Advice Fee plus transactions at \$24.75***

* Minimum Fees Apply. Advice Fee may be a Fee for Service and/or Asset Based.

** For services that do not attract brokerage there is a Minimum Transaction Fee of \$24.75 that applies to each purchase or sale with a consideration of \$33,333.33 or less. For transactions over \$33,333.33 a transaction fee of 3.3 basis points (0.033%) applies to the consideration over and above \$33,333.33 in Addition to the \$24.75 fee.

*** Transactions limited to 40 transactions per annum after which a brokerage rate will apply of up to 1.65%.

MANAGED DISCRETIONARY ACCOUNT SERVICE

EPFS is licensed to operate Managed Discretionary Account (MDA) services on behalf of clients. An MDA Service is a service where the licensee acts with discretion over the investment portfolio within agreed parameters.

If you choose to participate in the MDA Service then the law requires that you enter into an MDA contract before any MDA services can be provided. Allowing EPFS to operate an MDA service on your behalf involves inherent risks. These risks are attributable to the investment itself and to the performance by EPFS, and its representatives, of their obligations under the MDA contract.

Your Adviser will provide a relevant investment program as part of the contract and transactions will only be conducted on your behalf in line with the recommended investment strategy. The investment program will contain information on:

- the nature and scope of the discretions that Elston will be authorised and required to exercise;
- any risks associated with the MDA contract;
- the basis on which the MDA contract is considered to be suitable for you; and
- warnings that the MDA contract:
 - > may not be suitable for the client if the client has provided limited or inaccurate information about their relevant circumstances; and
 - > may cease to be suitable if the client's relevant circumstances change.

Under the MDA agreement transactions can be undertaken on your behalf, but you may also give us specific instructions on how to deal with various transactions/products via telephone, written request or email. As a subscriber to the MDA service you also receive quarterly reporting detailing any transactions undertaken and their associated costs. The MDA service does not include custodial or depository services.

EPFS uses related parties and external entities to provide some of the functions required to operate the managed discretionary services. These outsourced functions include investment management by Elston Asset Management Pty Ltd and UBS executes trading and settlement of on market securities transactions. These providers are continually monitored by EPFS at board level.

EPFS does not exercise voting rights attached to securities that you own under the MDA service on your behalf unless you notify us of your election. If you wish to take up your voting rights in respect to any of your securities please contact your adviser and the appropriate elections can be made on your behalf.

This information complies with ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968.

MANAGED DISCRETIONARY ACCOUNT SERVICE FEES

This document shows fees and other costs that you may be charged when engaging the SB Wealth Premium Partner service. These fees and costs may be deducted from your portfolio.

You should read all the information about fees and costs because it is important to understand their impact on your portfolio.

PREMIUM PARTNER SERVICE

TYPE OF FEE OR COST		FEE OPTION AMOUNT	HOW/WHEN PAID
Establishment Fee The fee to open your investment		Nil [^]	N/A
Contribution Fee The fee on each amount contributed to your investment		Nil [^]	N/A
Withdrawal Fee The fee on each amount you take out of your investment		Nil	N/A
Exit Fee The fee to close your investment		Nil	N/A
Advice Fees The fees for managing your investment	Option 1	Advice fee of up to 2.75% p.a + a performance fee of up to 22% of absolute portfolio return	Advice Fees are deducted directly from portfolio cash - monthly Performance Fees are deducted directly from portfolio cash – Bi annually**
	Option 2	Advice fee of up to 2.75% p.a	Advice Fees are deducted directly from portfolio cash – monthly*
Administration Fees The fees for portfolio reporting, mailing house and corporate actions handling	All Options	\$71.50 per month (\$858 per annum)	Deducted directly from portfolio cash monthly
Transaction Fees	All Options	Min \$24.75 for each purchase or sale***	Deducted from sale proceeds or added to purchase amount at the time of the transaction
Service Fees			
Switching Fee The fee for changing investment options		Nil	N/A

* Advice fees are calculated and deducted monthly in arrears.

** Performance fees are calculated semi-annually on the 30th June and 31st December for the respective preceding period. Any fee payable is deducted over 6 months starting in the quarter following the fee calculation date in equal monthly instalments.

*** Minimum transaction fee of \$24.75 applies to each purchase or sale with a consideration of \$33,333.33 or less. For transactions over \$33,333.33 a transaction fee of 3.3 basis points (0.033%) applies to the consideration over \$33,333.33 in addition to the \$24.75 fee. Special Brokerage fees apply in some special transactions – see additional explanation for details.

[^] Whilst not an Establishment or Contribution fee SB Wealth usually charges an implementation fee where you have been provided strategic advice which can be deducted from your Premium Partner portfolio at inception

ADDITIONAL EXPLANATION OF FEES AND COSTS

ADMINISTRATION FEES

All SB Wealth Premium Partner services are subject to an administration, reporting and analysis charge. This charge covers the portfolio administration, tax reporting and handling of corporate actions. The fee is \$71.50 per month.

PERFORMANCE FEES

A Performance fee is charged on SB Wealth Premium Partner Option 1.

Performance fees are calculated on the absolute positive return on the portfolio. This means any return on the portfolio above 0% will be levied the agreed performance fee subject to the portfolio High Water Mark (HWM). The HWM for the portfolio is the value of the portfolio at the time a performance fee is payable plus any additional contributions to the portfolio, less any withdrawals, ongoing advice fees and administration fees. If the Portfolio value does not exceed the HWM in the relevant period no performance fee is payable. The HWM is perpetual, which means that it will not be changed or 'reset'.

INDIRECT COSTS

The manager has at their discretion the ability to include specialist exchange traded funds, managed funds or listed investment companies in portfolios. Where these investments are employed there will be indirect costs incurred for the fees charged by the managers of these underlying products and the costs of investing in and disposing of these investments (buy/sell spread).

Whilst these charges are subject to change we estimate indirect management costs at any one time to be a minimum of 0% and maximum of 0.549% and indirect transaction costs to be a minimum of 0% and maximum of 0.210%. Please note that the actual indirect charges that may apply are determined by the inclusion of an underlying managed product in a portfolio and the weighting of that security in the portfolio.

ADVISER REMUNERATION

Advisers are salaried employees of SB Wealth Pty Ltd. As salaried employees your Adviser does not directly receive any of the fees or charges charged under the service. However, advisers are eligible to receive performance based payments from SB Wealth.

SB Wealth pays a portion of its revenue to a team bonus pool. Your adviser may receive performance-based payments from this pool. The proportion of the pool to which your adviser is entitled is determined by a number of factors, based on a balanced scorecard approach.

ADVICE FEES

Advice fees under the SB Wealth Premium Partner service include both investment management of your portfolio and ongoing strategic advice and review services.

MINIMUM PORTFOLIO SIZE

A minimum portfolio size of \$250,000 applies for SB Wealth Premium Partner services.

NEGOTIATED FEES

Advice and performance fees (where applicable) charged under fee options 1 and 2 may be negotiated with your adviser.

TRANSACTION FEES

Minimum transaction fee of \$24.75 applies to each purchase or sale with a consideration of \$33,333.33 or less. For transactions over \$33,333.33 a transaction fee of 3.3 basis points (0.033%) applies to the consideration over \$33,333.33 in addition to the \$24.75 fee.

From time to time a special transaction is required which will incur an additional special brokerage fee. These transactions only apply where we source a specialist broker to achieve best execution. We are unable to estimate the brokerage fee incurred in advance but typically the additional fee would not be in excess of 0.10% of trade value.

WORKED EXAMPLES

PREMIUM PARTNER – OPTION 1**Fee Example:**

A portfolio administration fee of \$71.50 per month or \$858 per annum.
This fee is charged monthly in arrears.

Example:

Agreed Advice Fee: 1.50% per annum (Inc. GST)

Agreed Performance Fee: 11% per annum (Inc. GST)

Advice Fee:

Gross Portfolio value = \$250,000

Annual Advice Fee = $\$250,000 \times 1.50\% = \$3,750$ per annum.

or for a 31 day month:

Monthly Advice Fee = $\$250,000 \times 1.5\% \times 31/365 = \318.49 per 31 day month

Performance Fee:

Semi-annual Performance Fee of 11% (Inc. GST) of the total positive returns on the portfolio, subject to HWM.

Six Month Performance Fee = $11\% \times (\text{Performance Fee Value} - \text{High Water Mark})$

Performance Fee Value = \$265,000

High Water Mark = \$250,000

Performance Fee = $11\% \times (265,000 - 250,000) = \$1,650$

Charged Monthly for the six month period the fee = \$275 per month

Assuming equivalent portfolio performance in the second half of the year total performance fees charged for the year would total \$3,300.

PREMIUM PARTNER - OPTION 1 HIGH WATER MARK

	Semi Annual Period 1	Semi Annual Period 2	Semi Annual Period 3	Semi Annual Period 4
High Water Mark (HWM)				
HWM (Start of Period)*	\$250,000	\$263,142	\$266,310	\$342,185
Plus Portfolio Additions		\$15,000	\$15,000	\$15,000
Less Portfolio Withdrawals		\$10,000		
Less Advice Fees**	\$1,458	\$1,403	\$1,925	\$1,980
Less Administration Fees	\$429	\$429	\$429	\$429
High Water Mark (End of Period)	\$248,113	\$266,310	\$278,956	\$354,776
Actual Portfolio Value (End of Period)				
Performance Fee Value (PFV)	\$265,000	\$255,000	\$350,000	\$360,000
Performance Above HWM	\$16,887		\$71,044	\$5,224
Performance @ 11%	\$1,858		\$7,815	\$575
Adjusted High Water Mark***	\$263,142.00	\$266,310.00	\$342,185.00	\$359,425.00

* Starting HWM is equal to the Initial Contributions of the Investor

** Advice fees are calculated based on an assumed advice fee of 1.10% and calculated on the PFV of the portfolio for the purpose of this example - Actual advice fees are deducted monthly in arrears

*** High Water mark is reduced by Performance Fees

TRANSACTION FEES

Minimum transaction fee of \$24.75 (Inc. GST) applies to each purchase or sale with a consideration of \$33,333.33 or less. For transactions over \$33,333.33 a transaction fee of 3.3 basis points (0.033%) applies to the consideration over and above \$33,333.33 in addition to the \$24.75 fee.

Example:

Transaction value = \$40,000

Transaction Fee Charged = \$24.75 + ((40,000 - \$33,333.33) x 0.033%) = \$26.95

PREMIUM PARTNER – OPTION 2**Fee Example:**

A portfolio administration fee of \$71.50 per month or \$858 per annum.
This fee is charged monthly in arrears.

Example:

Agreed Advice Fee: 2.75% per annum (Inc. GST)

Advice Fee:

Gross Portfolio Value = \$250,000

Advice Fee = 2.75%

Annual Advice Fee = \$250,000 x 2.75% = \$6,875 per annum

Or for a 31 day month:

Monthly Advice Fee = \$250,000 x 2.5% x 31/365 = \$583.90 per 31 day month.

SPECIAL BROKERAGE FEE

Minimum Transaction Fee of \$24.75 applies for the purchase or sale with a net consideration after the special brokerage fee has been applied of \$33,333.33 or less.

For transactions over \$33,333.33 a transaction fee of 3.3 basis points (0.033%) applies to the consideration over and above \$33,333.33 in addition to the \$24.75 fee.

Example:

Transaction Value = \$40,000

Special Brokerage Rate = 0.10%

Special Brokerage Fee = 0.10% * \$40,000 = \$40

Standard Transaction Fee = \$24.75 + ((\$40,000 - \$33,333.33) x 0.033%) = \$26.95

Total transaction fees = \$66.95

Please note that the above examples are very simplistic. The Advice Fees examples assume that gross Portfolio value remains constant at \$250,000. In practice gross Portfolio value is likely to fluctuate during the year, which will affect the final amount of Advice Fees. Performance fee examples do not indicate or forecast future performance. Please carefully read all information about fees and costs in this agreement and ask your SB Wealth adviser if you have any questions.

PROVIDING INSTRUCTIONS TO SBW

You can give us instructions by telephone, mail, email, fax or other methods, as agreed with your adviser. Our contact details can be found on the back cover of this guide.

PERSONAL INFORMATION

SBW and EPFS respects your right to the privacy of your personal information. Any personal information provided by you to SBW will be handled in accordance with our privacy policy. Our privacy policy details how we comply with the requirements of the Privacy Act 1988 (Cth) in the handling of your personal information.

A copy of the policy can be obtained by contacting us on (07) 3810 8350 or visit our website at www.sbwealth.com.au

ANTI MONEY LAUNDERING AND COUNTER TERRORISM FINANCE ACT

As a financial service provider, we have an obligation under the Anti Money Laundering and Counter Terrorism Finance Act to verify your identity and the source of any funds. This means that we will ask you to present identification documents such as passports and driver's licence. We will also retain copies of this information.

We assure you that this information will be held securely. We cannot provide you with services if you are unwilling to provide this information.

MAKING A COMPLAINT

EPFS is committed to providing a high standard of client service and to maintaining our reputation for honesty and integrity. EPFS acknowledges that you have the right to complain if you are dissatisfied with the service you receive from SBW. EPFS is committed to the efficient and fair resolution of complaints.

If you have any complaint about the service provided to you, you should take the following steps:

1. Contact your adviser and tell your adviser about your complaint.
2. If your complaint is not resolved to your satisfaction within a reasonable time, please contact our Complaints Manager on (07) 3002 3855 or put your complaint in writing and send it to: The Complaints Manager, EP Financial Services Pty Ltd, GPO Box 2220, Brisbane Q 4001.
3. If you are unhappy with our response to your complaint, you may raise the matter with the Financial Ombudsman Service ("FOS"). Our FOS membership number is 12781. The FOS toll free number is 1800 367 287 or write to FOS GPO Box 3, Melbourne VIC 3001. Website: www.fos.org.au





SBWEALTH

CONTACT US

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