AVALONFS
PARTNERING WITH CONFIDENCE

Financial Services Guide

(FSG)

ABN 43 162 297 298

AFSL: 437518

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IMPORTANT INFORMATION ABOUT THIS GUIDE AND AVALONFS Pty Ltd

AVALONFS Pty Ltd (AVALONFS) is the provider of any financial advice that you may receive detailed in this Financial Services Guide (FSG) and permitted to be provided by your adviser.

This FSG has been designed to provide you with important information about our services.

In this FSG 'we', 'our', 'us' or 'AVALONFS' means AVALONFS Pty Ltd (ABN 43 162 297 298) holding Australian Financial Services Licence (AFSL) 437518 (AVALONFS).

AVALONFS is a professional Australian financial services advice licensee offering a comprehensive range of financial services and central to our core values is the provision of financial advice that is solely in the best interests of our clients.

AVALONFS advisers must adhere to the financial services laws and the Code of Ethics at all times.

IMPORTANT NOTE ON ADVICE

Your adviser is authorised by AVALONFS to provide financial product advice in the areas specified within their Certificate of Authorisation issued by AVALONFS (Authorisations).

Your adviser is limited to financial service advice and products detailed within this FSG and in particular, Page 11 is solely for the Authorisations and experience of your adviser. If you have downloaded this FSG, page 11 will be missing, in this case please contact your adviser or AVALONFS directly so that we may assist you.

AVALONFS does not provide advice in the areas of crypto, currency (FX), tax, derivatives, lending (other than margin loans and gearing), and/or property.

For clarity, your advisor may also be able to provide advice, other than the financial services within this document, such as accounting, lending and/or taxation, but only if they are a qualified accountant or tax agent; they may also be able to provide mortgage advice if they are a broker authorised under a licensed credit provider, and/or property but only if they are a licensed real estate agent.

Again, advice in these areas is not provided by AVALONFS and should not appear in any advice documents provided to you by your advisor from AVALONFS, if any of the above are detailed in your SoA please contact AVALONFS immediately.

ABOUT THIS FSG

This FSG is an important document which provides you with information about AVALONFS and the advice and services that we are licensed to provide, any fees you are likely to pay for that advice will be detailed in your Letter of Engagement and/or your Statement of Advice.

Each adviser is issued with a Certificate of Authorisation which defines the advice and products the adviser is able to provide to you.

At the back of this FSG is an Authorisation Statement which details the authorisations of the specific knowledge areas and experience of your adviser.

"Lack of Independence" Statement

Your adviser may receive commission on life insurance products as explained in this FSG. For this reason, we cannot refer to ourselves or our advice as independent, impartial or unbiased. (See also Conflicts of Interest – Risk Products)

You must read all of this guide carefully.

Key Information Statement

The Financial Services Guide (FSG) is designed to assist you in deciding whether to use any of the products and services offered by AVALONFS and our advisers.

The information in the FSG covers such aspects as:

- Information about AVALONFS as licensee
- Who will be responsible for providing the financial services described within this FSG and provided to you as the client.
- Details of the financial services and/or products AVALONFS can provide as well as details of what services and/or products AVALONFS does not provide
- The financial planning process
- Documents you may receive
- Further important information about the advice/recommendations
- Remuneration received by AVALONFS and your adviser
- Relationships which might influence AVALONFS or your adviser in providing financial services
- The complaints procedure and compensation arrangements

Should your adviser provide advice and financial products to you, you will receive a Statement of Advice (SoA) as well as various disclosure documents such as Product Disclosure Statements (PDS).

The SoA details the financial advice provided to you, and covers such matters as the advice and product recommendations, any remuneration payable, the risks and disadvantages associated with the advice and/or product recommendations, and all details of any relationships which might influence your adviser in providing the financial advice and/or product recommendations.

The PDS details all aspects of the investment and/or risk insurance product(s) recommended. The purpose of these documents is to keep you fully informed and to provide you with an understanding of the advice and the products recommended within the Statement of Advice (SoA).

Relationship between AVALONFS and your adviser

Your adviser provides financial services on **behalf of AVALONFS Pty Ltd AFSL 437518 (AVALONFS).**

(See the Annexure to this document "**About Your Adviser**" at page 11)

When your adviser has adhered to AVALONFS's Approved Product List, AVALONFS is responsible to you for any of the financial advice, services and products you may have been recommended.

This FSG includes, as an annexure, details of the adviser's Authorised Representative number, accreditations, qualifications and experience, the areas of advice and types of investment and/or risk insurance products or services we have authorised your adviser to provide to you.

Details of remuneration payable by you to your adviser are generally negotiated between you and your adviser and will be detailed in various documents such as the Letter of Engagement, Ongoing Services Agreement or services contract, and within the Statement of Advice.

AVALONFS demands a minimum standard of professional behavior from its advisers. Our advisers are required at all times to act in the best interests of our clients, to act honestly, professionally, fairly, efficiently, objectively and without conflict in the provision of the financial services offered by AVALONFS.

You may ask for a copy of your adviser's Certificate of Authorisation at any time from your adviser or from AVALONFS.

Financial services and product offering by AVALONFS

AVALONFS offers advice and product services in the following areas:

- Financial Planning
- Salary packaging
- Aged Care
- Estate planning
- Annuities
- Managed Investments
- Gearing strategies
- Bonds and fixed interest
- Securities
- Superannuation
- Retirement planning
- Self-Managed Superannuation Funds advice
- Personal and business risk insurance
- Standard margin lending

Your adviser may only be authorised to provide advice to you in **some** of the above areas.

Please refer to the Authorisation Statement contained within the annexure on page 11 **"About Your Adviser".** This sets out the areas of advice and types of products that your adviser is able to provide.

What services and or products does AVALONFS not provide?

AVALONFS is responsible for only those services and products set out in its AFSL and your advisers FSG.

The adviser **must not** provide any other services or products other than those listed in their Certificate of Authorisation (Page 11).

The products below are examples of advice services and products **not** supported by AVALONFS.

- Banking services (other than cash or term deposits)
- Currency trading
- Credit assistance and credit activity
- Loan facilities including residential loan facilities, other than those that encompass both a margin loan
- General insurance advice
- Legal advice
- Accounting and Tax advice
- Real estate property advice
- Derivatives or Foreign Exchange
- Crypto currencies and like investments

If you have any concerns in this regard please contact our Head of Compliance or office on directly on 1800 681 438.

The Financial Planning Process

AVALONFS's aim is to ensure that you are provided with advice that is tailored to your needs and in your best interest.

The steps that follow provide an overview of how this process operates, and ensures that the proper disclosure of the risks associated with your particular investments and insurances are explained. It is important that you provide us and your adviser with the relevant and complete information about your circumstances in order to provide you with advice that is able to meet your specific objectives, and needs.

Step 1

Firstly, you have been provided with this FSG.

In the case of any general advice that has been provided, you will have been provided a suitable general advice warning.

In order that your adviser can provide you with the most appropriate advice, you will be asked to provide information about your personal circumstances. This will include information about your short and long term goals & objectives and your current financial situation.

WARNING: If you do not provide this information your adviser has the right to refuse you as a client.

Step 2

The information collected is recorded in a Client Data Form. This, together with a Client Risk Profile assessment, enables the adviser to understand your needs and objectives and to analyse and determine the most appropriate advice for your particular circumstances that are in your best interests.

Step 3

Consideration is also given to the identification of any financial issues that may be present or that may arise in the future such as long-term illnesses.

The solution will be individually tailored using well researched products from the AVALONFS Approved Product List (APL) or its model portfolios. At all times these will be matched to your risk profile considering your personal needs, and objectives plus looking at protecting those plans.

Step 4

A Statement of Advice (SoA) is then prepared and provided to you by your adviser.

The SoA sets out various recommendations made by your adviser, the basis on which those recommendations were made and, amongst other things, the remuneration payable for researching, designing, implementing and maintaining those products, services recommended and the ongoing servicing arrangements where applicable.

Step 5

Subject to your agreement and only on your signed instructions, the recommendations will be put into place.

Step 6

The information contained in the SoA, will be reviewed by your adviser and revised at regular intervals as agreed by you, or when your particular circumstances change.

Documents you may receive

You may receive one or more of the following documents when the adviser provides advice and/or any recommendation(s) on investment and/or risk insurance products to you:

1. Statement of Advice (SoA)

The SoA may be a full advice document given to clients where personal advice has been provided with that advice taking into account your current financial position, goals, objectives, as well as your short, medium and long term needs.

You must confirm your adviser's assessment of your personal financial circumstances, goals and objectives and risk profile as well as confirming acceptance of the advice provided through the SoA.

Key information contained within the SoA advice document may include:

- Your personal and financial circumstances;
- Your stated goals and objectives;
- The advice provided;
- The basis on which the advice and/or financial product recommendations are given and comparisons where a replacement product is introduced;
- The risks and/or disadvantages associated with the advice and recommendations;
- Information about remuneration or other benefits that may be received; and
- Any benefits, interests or associations that may have influenced your adviser in the provision of the advice.

Incorporation by Reference (IBR)

An SoA may refer to other documents, this means that the document referred to forms part of the SoA. You must read any documents referred to by the SoA as they form part of the overall advice.

Limited or scaled advice

Some SoAs may be scaled advice SoAs where the advice contained is limited to specific advice either requested by you the client, or limited because you did not want to provide personal details or refused the complete advice offered.

In these circumstances you will be required to acknowledge these limitations. In some cases, where you have refused to provide information, you may be refused as a client.

2. Record of Advice (RoA)

If your adviser has previously provided you with a SoA and then further advice is given to you and this advice is related to previously provided advice, then you will not receive another SoA. You may request a record of the advice if there was no charge for the change. If there was a charge you should receive a formal Record of Advice.

You may make such a request up to seven years after the advice has been given.

3. Product Disclosure Statement (PDS)

Should your adviser make a recommendation to you about a particular investment and/or risk insurance product or offer to arrange the issue of a financial product on your behalf, you will receive a PDS, issued by the product provider.

The PDS will contain information that will assist you in making an informed decision about that product and should be viewed as an extension of the SoA.

The PDS usually includes information about product features, risks that your adviser should go through with you in detail, the costs associated with that product as well as details of other fees and charges which may apply, including management expense fees and other fund manager costs.

These are detailed in the PDS and described as Management Expense Ratios or Investment Cost Rations (MERs/ICRs).

Generally, the PDS will contain the application document that you will be required to complete in relation to that investment or risk product.

With the PDS you may also receive a document titled Target Market Determination (TMD). This document describes the 'risk profile' of the product. Your adviser is not bound by the TMD and is able to balance different products to better match your risk profile. However, if you have concerns regarding the product and its suitability you should immediately discuss them with your adviser or ring AVALONFS Pty Ltd and ask to speak to the Head of Compliance.

Further information about the advice and / or recommendations

Will advice be given that is suitable to your needs and financial circumstances and in your best interest?

Your adviser is obliged to do so by the Code of Ethics and the law and must be able to demonstrate to you that a reasonable basis exists which supports the personal advice provided to you, that the advice is in your best interest, and is free of conflicts that could influence the Advisers decision. Any conflicts, potential or otherwise, must be disclosed.

Your adviser needs to clearly understand your goals, objectives, financial situation, relevant personal and financial circumstances before they can provide any advice or recommendations.

You will be asked to provide accurate and up to date information and be asked to keep your adviser updated on any changes in your personal circumstances so that the advice and product recommendations are able to remain relevant to you.

You have the right not to divulge any information should you not wish to do so. In that case, your adviser will warn you about the possible consequences of not providing relevant personal and financial information including limitations on the advice which can be provided and we retain the right, where you have withheld information, to refuse you as a client.

You must disclose all health issues, no matter how old or how minor when applying for personal insurances.

Should you withhold information regarding your health when purchasing personal insurances, it is likely, in the event of a claim, that your personal insurances will be cancelled from inception and your premiums returned.

You should thoroughly read the information in your SoA before making any decisions relating to the advice or any investment and/or risk insurance product or service.

What should you know about any risks of the advice, investment and/or risk insurance products or services that are recommended to you?

Please be aware that there are risks associated with investing in financial markets which may adversely affect the value of your investment(s).

Your adviser will explain to you, and fully outline in the SoA, both the generic and specific risks of the financial products recommended to you.

The PDS and TMD for a product will list the risks associated with the products being recommended. You must read and consider all of the risks and disadvantages laid out in the SoA in conjunction with the relevant PDS material before proceeding to purchase product recommendations.

If you feel that you need further clarification in any area of ~~a~~ the advice or product contained in the SoA, please ask your adviser prior to providing your signature to proceed.

You must not proceed if you do not fully understand the advice and/or products recommended.

Fees and other important information

AVALONFS and your adviser - fees.

AVALONFS is the licensee and is responsible for all advice provided to you therefore all fees must be paid directly to AVALONFS Pty Ltd.

AVALONFS has in place Agreements with its product providers with all fees and commissions due paid to our trust account. Any service fees, whether upfront and/or ongoing, can be paid directly from you, the client, or deducted from the product/platform providers.

All fee deductions must be authorized by you and paid to AVALONFS. You should note that AVALONFS does not receive, and will not allow, any conflicted remuneration to be paid to your adviser, from any product provider.

However, AVALONFS may receive education partnership monies from product providers to assist in adviser education, IT and advice research. This is covered further in this document.

Your adviser **does not share** any part of their fees or insurance commissions with AVALONFS.

Any and all fees are paid directly to the adviser from our trust account.

Your adviser is required to pay a Monthly Adviser Fee (MAF) and an insurance fee to remain authorised by AVALONFS. This covers the ongoing services we provide to your adviser and you.

The MAF fee is a flat fee and has no correlation to any amount of business written nor does it relate to Funds Under Advice (FUA). AVALONFS is contractually able to deduct any monies owed from adviser fees and commissions from our trust account.

What remuneration will your adviser receive?

Fees are always agreed between you and the adviser and must be detailed by your adviser in any Letter of Engagement and/or the SoA or other advice document. The cost of providing advice, a financial product or service to you will depend upon the nature and complexity of that advice, financial product and/or service provided.

Generally, whenever your adviser provides a recommendation for an investment and/or risk insurance product or other service, your adviser may be compensated through a combination of:

- Initial Fee for the advice and/or service. This may be an hourly rate or fixed amount; and
- an Ongoing Service Fee when you have agreed to the provision of an Ongoing Service Fee Arrangement (OSFA). This may be based on a fixed amount or as a percentage of funds under advice; and
- insurance commissions from any products purchased by you. Including an upfront commission of between 0% and 60% of the first year's annual premium, and then an annual ongoing commission of between 0% and 20% of the annual premium.

Insurance commissions will not appear in an OSFA, nor will it form part of any ongoing advice agreement.

Process you may undergo with your adviser:

a) Meet adviser and receive this FSG and a Letter of Engagement which may include an invoiced initial fee;
b) In a further meeting(s) you will receive an SoA which will clearly detail: Initial fees, any ongoing services fee as well as any commissions to be paid to the adviser;
c) All initial fee payments are deposited within the AVALONFS adviser Fees Trust Account;
d) Any Ongoing adviser Service Fee is received into this AVALONFS adviser Fees Trust Account;
e) Commission payments are received into AVALONFS adviser Fees Trust Account;
f) AVALONFS will pay 100% of the amounts directly to the adviser, less any monies owing to AVALONFS.

Initial adviser Fee(s)

Any fees payable by you will be detailed in the Statement of Advice provided by your adviser.

All Initial Fees will be paid directly to AVALONFS. If for investment or superannuation advice this may be cheque, credit card or EFT, or paid via the issuer of the investment product(s), which your adviser has recommended.

This payment may be directly by you, or deducted from the initial amount you have invested with the relevant product provider at the time the investment product is placed and issued to you.

With risk insurance products, commission is paid to AVALONFS by the relevant insurance provider and is calculated on the premium payable and is outlined in the SoA.

All insurance product have upfront commissions and ongoing commissions which in certain circumstances can result in a conflict of interest.

Ongoing Service Fee Arrangement(OSFA)

If an OSFA is to be charged, this fee may be either:

- A fixed dollar amount;
- A percentage of the value of funds invested (any personal gearing must not be charged);
- A determined amount, based on the number of hours spent developing your advice document; or
- A combination of the above.

Any ongoing services will be detailed in the SoA provided to you.

The OSFA can be paid directly but generally is deducted from a particular account or product. Where you receive advice on superannuation and you have other investments and/ or insurance you may receive two (2) invoices.

Ongoing services your adviser may supply include: portfolio maintenance, ongoing administration, regular portfolio reviews and an annual face to face review.

Alternatively your adviser may invoice annually.

Conflicts of Interest – Risk Products

Where your adviser advises you to take out life insurance, they may receive commission based on the premiums charged by the product issuer for the insurance you purchase. Consequently the more insurance you purchase, the more commission your adviser receives. Countering this is that our advisers work in your best interest and other than commissions, which are generally consistent across life insurance companies, receive no bonus' for providing a particular product. In all cases your adviser is able to reduce the amount of commission to which they would otherwise be entitled.

Your adviser may also choose not to receive any upfront commission and ongoing fee and may instead charge an advice fee directly.

Referred Clients

Should you be referred to your adviser by a third party, (e.g. an Accountant), the third party may receive a fee, commission or other benefit for that referral. This fee comes out of the fees received by your adviser and does not represent an additional cost to you.

You will receive more detailed information concerning any referral fees in your SoA.

Your adviser is prohibited from receiving a commission for referring you to another professional service.

Broker fees

AVALONFS may receive a payment from a share broker for an Initial Public Offer or some other listed product through the ASX or other foreign exchange.

AVALONFS may pass these on to the adviser if it is possible to do so within the law.

All fees are described in the SoA or other related document provided to you at the time the advice is provided.

Related Parties and Partners

Your adviser may make a recommendation in relation to an AVALONFS Model Portfolio, a Separately Managed Account or Managed Discretionary Account (MDA) advised by PacReef Asset Management Pty Ltd AFSL: 488045 (PacReef) which provides advice to AVALONFS).

Platforms may include: netwealth, AMP North, HUB24, xPlore, Dash, BT, Colonial and others. AVALONFS Directors, staff and advisers may own shares in PacReef and therefore may receive dividends, and/or director fees from PacReef.

Advisers are prohibited by law and the Code of Ethics from receiving conflicted remuneration I.E. commissions or ongoing commissions or volume bonus from any companies, including PacReef and therefore PacReef does not pay commissions or other forms of bonus' or any type of compensation to advisers or to AVALONFS.

PacReef, like other product providers, may contribute to AVALONFS through education partnerships funds to enable AVALONFS to run its Professional Development Days (PDDs) and conferences to maintain adviser education. Education partnership monies may also be used to pay for research and IT such as Lonsec and others.

Partnership funds cannot be, and are not, used for any other purpose than those specified here.

AVALONFS may also receive partnership monies from other product providers for partnering, like PacReef, in the ongoing development of adviser education. AVALONFS is selective in the choice of partners to ensure that NO undue influence is applied to advisers in the promotion of particular products and are selected in their ability to

present at adviser development days in their particular sector or area of expertise. AVALONFS warrants that it will not promote an education partners product over another product issuers product and we go to great lengths to ensure that all advice is unbiased. Education partnership does not preclude other product issuers from coming to these events.

Recent non-related education partners have included Centuria, LaTrobe, Kaplan Funds Management, ABC, LaTrobe, and Colonial. Please refer to our website as this list can change without notice.

Any and all partners are recorded within AVALONFS's Gifts and Benefits Register.

Adviser Incentives

Neither AVALONFS nor its advisers receive any product-based volume bonus commissions or other product or fund incentives based on funds under advice. This type of remuneration is defined as 'conflicted' and is not acceptable under the Corporations Act as defined in Regulatory Guide RG 246 as well as FASEA's Code of Conduct.

Alternative Remuneration

In accordance with industry requirements, and as outlined in the Financial Services Council (FSC) and as required by the Corporations Act and Regulatory Guides issued by ASIC from time to time, AVALONFS and your adviser maintains a Gifts and Benefits Register.

This register is governed by the AVALONFS Gifts and Benefits Policy which must be adhered to at all times.

The Register contains information about any alternative forms of payments or soft dollar benefits over $300 that may be received, (e.g. lunches, gifts, tickets to events and conferences).

If you wish to inspect your advisers Gifts and Benefits Register, please ask your adviser.

What information does AVALONFS maintain in your file and can you examine the file?

Your adviser must maintain an electronic record of your personal information, which includes details of your relevant personal circumstances. They will also maintain records of any advice/recommendations made to you in the course of taking instructions from you, as well as any SoA, or other relevant advice document they have provided to you.

Your adviser is only required by law to keep each SoA for a period of 7 years from its acceptance by you. If you are no longer a client with your adviser, after 7 years all of your records may be destroyed.

Can you provide your adviser with instructions about how you wish to buy or sell financial products?

Yes. If you require a specific product or execution of a trade your adviser is able to do this for you.

Generally you need to provide your instructions to your adviser in writing or confirm in writing the instruction by email or by other electronic means.

You should retain a copy of these instructions. Your adviser will require you to acknowledge your instructions to them.

How does AVALONFS deal with the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 as amended (AML/CTF Act)?

AVALONFS has an obligation under the AML/CTF Act to verify your identity before any financial products and/or services can be provided to you.

AVALONFS does this by acting as an agent for the relevant product suppliers.

You will need to present certain documentation to satisfy the customer identification requirements of the AML/ CTF Act. This includes disclosing things such as your drivers license, passport etc.

Privacy considerations

AVALONFS is committed to ensuring your privacy and security are protected through our Privacy Policy. A copy of the Privacy Policy is available from your adviser or from the AVALONFS website: http://www.avalonfs.com.au/. The Privacy Policy can be found at the front page of this site.

What Products can my adviser recommend?

Subject to having the appropriate authorisations as detailed specifically for your adviser on the last page of this document (FSG) as well as in the Certificate of Authorisations issued by AVALONFS, and any other prerequisites that apply. Subject to these authorisations, your adviser is able to recommend any product on the AVALONFS Approved Product List (APL).

If you are a new client with existing products within your portfolio, and you hold a product not on this list, your adviser may request that the product be added to the AVALONFS APL or may recommend a replacement.

If AVALONFS is unable to place this product on the APL, you may be asked to sign a waiver should you wish to keep that product or sell down the product and purchase a similar product that is on the AVALONFS APL. If you request to sign a waiver to keep the product within your portfolio outside of our advice, this must be disclosed in the new SoA with a note that this product is outside of the AVALONFS Approved Product List and the scope of advice but was requested by the client.

Complaints procedure

What should you do if you have a complaint?

If you have a complaint about any service provided by your adviser, you should take the following steps:

1. Contact the Compliance Officer at AVALONFS to discuss your complaint. The Officer will acknowledge the complaint within 24 hours or 1 business day.
2. A response letter will be prepared and issued to you within 30 days detailing the complaint and advising you of your rights, any proposed solutions and further avenues should you not accept the resolution proposed.

If you are not fully satisfied with this response, you have the right to lodge a complaint with the Australian Financial Complaints Authority (AFCA) of which AVALONFS is a member.

You are able to lodge a complaint with AFCA directly online.

https://www.afca.org.au

Additionally, the Australian Securities and Investments Commission (ASIC) has a free call Infoline on 1300 300 630, which you may use to obtain information about any further rights you may have.

What compensation arrangements does AVALONFS have in place?

The Corporations Act 2001 (Cth) requires AVALONFS to operate a compensation arrangement which is designed to compensate retail clients for losses they suffer as a result of a breach by AVALONFS or its advisers of the obligations outlined in Chapter 7 of the Corporations Act.

To this end, your adviser and AVALONFS have comprehensive Professional Indemnity Insurance in place which covers both AVALONFS and our advisers (including the conduct of those advisers who are no longer authorised by AVALONFS, but were so at the time of the advice).

These compensation arrangements meet the requirements specified by the Corporations Act and ASIC from time to time.

Annexure to the FSG – Page 11

Your adviser will provide you with an annexure to this FSG titled “About Your adviser”.

If you do not receive an annexure, your adviser can be found on the Financial Advice Register here or on the ASIC “professional register”.

Any questions?

Please contact your adviser if you have any questions regarding this FSG or the investment and/or risk insurance products or services he/she provides.

This FSG should be retained by you in a safe place for future reference.