

FINANCIAL SERVICES GUIDE

PART A: VERSION 1.0 - MARCH 2007



PATRON
Financial Advice

PATRON Financial Services Pty Ltd trading as PATRON Financial Advice

ABN - 32 307 788 137

AFSL No. – 307379

Note that all future references to PATRON refer to PATRON Financial Services Pty Ltd trading as PATRON Financial Advice.

FINANCIAL SERVICES GUIDE - Part A

The Australian Securities and Investment Commission (ASIC) require all Australian Financial Services (AFS) Licensees to provide a Financial Services Guide (FSG) to their clients before providing any financial services. This FSG (made up of Parts A and B) is designed to provide information about the financial services provided by PATRON and its authorised representatives. It aims to assist you in deciding whether to use the services we offer. It also provides you with an understanding of what to expect from your interactions with PATRON.

This guide contains information about:

- Services – it outlines the kinds of services PATRON and its authorised representative may provide in respect of financial products under its AFS Licence;
- Remuneration – it summarises the remuneration PATRON, its authorised representatives and/or any other party may receive in connection with the financial services provided under PATRON's authority as an AFS Licensee; and
- Complaints – it describes how PATRON deals with any complaints you may have about services provided under its authority as an AFS Licensee and provides key contact details for communicating a complaint.

We, through our authorised representatives, will provide you with a FSG when we provide you with any financial service including the provision of advice and/or the placement of an investment or insurance on your behalf.

FINANCIAL ADVISER PROFILE - Part B

This Part A guide must be read in conjunction with the Part B Financial Adviser Profile as they both form part of this FSG. The Part B Financial Adviser Profile provides more detailed information about your financial adviser such as their contact details and the types of financial services they can specifically provide under the authority of PATRON's AFS Licence.

CONTACTING US

IN PERSON	Suite 3, Level 6, 93 George Street, Parramatta NSW 2150
MAIL	PO BOX 1370 Parramatta NSW 2124
PHONE	02 9687 0311
FAX	02 9687 6133
EMAIL	enquiries@patronfa.com.au
WEBSITE	www.patronfa.com.au

WHO IS RESPONSIBLE FOR THE SERVICES YOU RECEIVE?

As your adviser is an authorised representative of PATRON, it is PATRON who is responsible for the services that he/she provides to you. Your adviser will be acting on behalf of PATRON when recommending both strategic solutions and specific products. Your adviser does not act as a representative of any other licensee in providing financial services to you.

AN OUTLINE OF THE FINANCIAL ADVICE PROCESS

Our role is to understand your financial needs and objectives, and to recommend solutions that help you satisfy those requirements. We may, in our marketing materials and general communications, provide you with general advice that is not designed to address our specific needs and circumstances. We will alert you of this when such advice is provided. Otherwise, our advisory services will be tailored to meet your specific needs and circumstances, that is, we will provide personal advice that is appropriate to you.

The process we follow in providing personal advice to you will usually include the following steps:

NEW CLIENTS

- 1) **Providing this FSG** and obtaining your agreement on the basis upon which we will providing services.
- 2) **Obtaining relevant information** about your financial needs and objectives and your current financial affairs so that we can provide the most appropriate advice.
- 3) **Researching solutions** with the aim of assisting you to satisfy those needs and objectives. Please note that our authorised representatives are only permitted to source solutions from a wide range of products approved by PATRON. The PATRON approved product list includes a large range of products on which appropriate research and analysis has been undertaken.
- 4) **Providing you with a written Statement of Advice (SOA)** which sets out our recommendations and the basis for them, the key issues involved and remuneration received as a result of the provision of professional services to you.
- 5) **Discussing the SOA** with you, providing any explanations you require.
- 6) **Providing you with a Product Disclosure Statement (PDS)** for each product recommendation made within the SOA. The PDS contains further specific information about the product recommended which you should consider prior to accepting our advice.
- 7) **Obtaining your instructions** to implement recommendations and/or receiving your alternative instructions.
- 8) **Implementing** your instructions to proceed with recommendations made or otherwise.
- 9) **Agreeing** on a basis for the provision of ongoing review services.

If, at any time, you do not understand any of the advice we provide or the actions we are taking, you should seek clarification from us.

EXISTING CLIENTS

If you are an existing client of PATRON you will receive an ongoing program of personalised services as agreed with you. Typically this will involve at least an annual review of your financial circumstances, needs and objectives. Any advice that you receive further to the initial advice will be confirmed in writing in the form of another SoA or a Statement of Additional Advice (SoAA). Alternatively, and depending on the circumstances, where a SoA or SoAA is not required to be given, we may elect to retain a Record of Advice (RoA). If we do not provide you with a copy of the RoA you may request a copy of it by asking your adviser. We will hold those records for a minimum of seven (7) years from the date the advice was given.

PRODUCTS & SERVICES PATRON IS LICENCED TO PROVIDE

PATRON's expertise includes addressing these financial planning areas:

- Retirement planning strategies
- Gearing Strategies including margin lending, protected equity loans and home equity access
- Social Security analysis including Centrelink and Department of Veteran Affairs
- Wealth creation strategies
- Tax Effective Strategies including Agribusiness products
- Personal Budget planning guidance
- Debt Management strategies.

PATRON's AFS Licence specifically allows us to deal in and provide advice in a broad range of financial products including:

- Superannuation including personal, employer and self managed
- Managed Investment schemes and Securities including unit trusts, investment bonds, direct shares, property trusts, etc
- Personal Risk Management & Insurance including term life, TPD, trauma and income protection
- Business Risk Management & Insurance including keyman and business expense cover as well as buy/sell contracts
- Deposit and payment products
- Government debentures, stocks or bonds
- Retirement Savings Accounts

Your adviser may only be authorised by PATRON to provide some only of these services and act only in respect of some products. Their adviser profile will set out the extent of their authorisations as well as their qualifications and experience.

As we are not permitted to provide legal nor specialist taxation or mortgage broking advice, we may guide you to seek external advice to meet those needs and objectives. We also have referral arrangements in place with external parties (eg mortgage or general insurance brokers) whereby when we may pay or receive benefits as a result of receiving or making referrals to them. Any such arrangements will be disclosed to you in the SoA/SoAA provided to you or RoA retained on file in support of our advice.

YOUR OBLIGATIONS IN SEEKING ADVICE

To help us provide you with appropriate advice that is based on current and accurate information, and to protect you, we ask you to do the following:

- Provide accurate information about your personal circumstances.
- Keep us updated as to any changes to your circumstances.
- Do not make any payments for investments or insurance contracts 'payable to' your adviser – they should always be made payable to the investment or insurance company.
- Do not sign blank forms.

INFORMATION ABOUT REMUNERATION

The remuneration received by PATRON and its authorised representatives is primarily in the form of fees or commissions or a combination of both types of payments.

Generally, remuneration options include:

- **Upfront/initial Commission** - paid by the issuer of the financial product/s recommended. This is payable to us by the product issuer when the product is issued to you, our client. For insurance products, ongoing/initial commission is included in the cost of the insurance product and may be up to 125% of the first year's premium (eg, if you paid the first year premium of \$400, PATRON could receive up to \$500). For investments and superannuation products, this payment is made by the fund manager/product provider as it is deducted from the amount you have invested and may be up to 10% of that amount (eg, if you have invested \$50,000 in a managed fund, the initial commission paid by the fund manager may be up to \$5,000).
- **Ongoing Commission** - paid by the issuer of the financial product/s recommended. This is payable on an ongoing basis (ie annually) while the investment/insurance is still in place. For insurance products, ongoing commissions are included in the cost of the insurance product and may be up to 15% of the annual premium (eg, if the premium is \$400, PATRON could receive up to \$60). For investments and superannuation products, this payment is made by the fund manager/product provider as it is deducted from the amount you have invested and may be up to 2% of the current investment (eg, if your investment amounted to \$50,000 then we may receive up to \$1,000 pa).
- **Adviser Service Fee** - paid by the issuer of the financial product/s recommended. This is payable on an ongoing basis while the investment product is still in place. The amount which we may receive may range from 0 - 4%pa of the value of your investment in that product (eg, for an investment of \$100,000, we may receive an adviser service fee of up to \$4,000).
- **Other fees** for the services rendered – payable directly by you. We will advise you of the details of any such fees being payable prior to providing you with any services. These fees may be based on an hourly rate (up to \$250 per hour) for certain work performed for you or a set fee per annum basis (eg, our ongoing service fee may be agreed with you at a rate of \$1,000pa) or as a percentage of funds invested by you (eg, for investments of up to \$500,000 an ongoing service fee of 1.1% may be payable). A combination of these methods may apply. If you agree to the payment of a direct fee for the initial advice and/or annual review services, your adviser will outline the cost in writing before providing the service and also confirm the details in the SoA/SoAA or RoA used to communicate the advice and you will also receive an invoice.

The abovementioned forms of remuneration are initially paid to PATRON. After PATRON deduct:

- a monthly Licensee administration fee (comprised of a set monthly amount of between \$250 and \$1,000 and 5% of remuneration received); and
- payment for back office services provided by PATRON to your adviser (eg para-planning and administration services) which is up to 15% of their gross revenue;

the remainder of the remuneration received as a result of services provided are received by your adviser. Please note that the payment for back office services is not a compulsory service offered by PATRON and your adviser may not chose to utilise these services.

Your adviser is also entitled to participate in the "Adviser Loyalty Bonus" as outlined in the following section of this FSG.

When providing our advice and/or other services to you, we will confirm the basis for and details of all remuneration received by PATRON and your adviser. This will be set out in the SOA/SoAA or RoA document and explained by your adviser. Please note that the PDS provided in support of product recommendations will contain further details of product specific fees and charges.

OTHER BENEFITS THAT MAY BE RECEIVED

The following are summaries of arrangements currently in place. Detailed information about all relevant benefits that PATRON may receive in relation to the services provided to you will be detailed when we provide you with personal advice (ie in the SoA/SoAA or RoA).

INVESTMENTS

PATRON has arrangements with investment managers of certain wrap platforms and master trusts whereby they pay a 'commission bonus' or 'platform payment' to us based on the total client funds invested/placed through their platform or trust over a relevant agreed period (usually 12 months).

The amount paid is calculated as a percentage of all funds invested for the relevant agreed period and is paid out of the relevant platform provider's own administration fees. The arrangement does not further increase the administration fee or management expense ratio (MER) amount that would otherwise be charged by the investment company if this remuneration arrangement was not in place.

Under this arrangement, the relevant investment company may pay us up to a maximum of 0.20% of the total funds invested. PATRON currently has such commission bonus arrangements with the following investment companies:

- Asgard
- Skandia.

PERSONAL INSURANCES

PATRON has arrangements with Life Insurance Companies where they pay a commission bonus based on the total growth of in force premiums or volume over a relevant agreed period (usually 12 months).

The amount paid does not increase the premium payable for the relevant period and is paid out of the relevant Life Insurance Companies own resources.

The maximum that PATRON may receive from any of these arrangements is 10% of the growth of in force premiums or volume. PATRON currently has arrangements with the following companies regarding Life Insurance – Commlnsure, Tower, Zurich, ING, AIG and Asteron.

OTHER BENEFITS

Other benefits may be received by PATRON from product providers including sponsorship for training events and/or conference attendance and/or research. We will keep details of any such benefits on a gifts and benefits register which you can ask to sight if you require further information.

ADVISER LOYALTY BONUS

Both the commission bonuses paid by investment and life insurance companies that are paid to PATRON are retained in a pool. 35% of this pool is distributed yearly to advisers based on a percentage of the adviser's contribution to the total PATRON revenue. This is known as the "adviser loyalty bonus".

For example, if the annual revenue of PATRON is \$5,000,000 and an adviser's gross revenue is \$200,000, the adviser's contribution is 4% of the total (i.e. 200,000/5,000,000). If the PATRON annual commission bonus pool is \$200,000, the adviser bonus will be 4% of the pool, which is \$8,000.

YOUR INFORMATION AND RIGHTS TO PRIVACY

Your adviser will maintain a record of your personal profile, including details of your objectives, financial situation, financial needs and any other information relating to your specific financial position. They will also maintain records of any recommendations they make.

PATRON is committed to ensuring the privacy and security of your personal information in accordance with the principals of the Privacy Amendment (Private Sector) Act 2001 (Privacy Act).

If you wish to obtain a copy of our Privacy Statement or examine your file at any time, please ask your adviser. They will then make all necessary arrangements to provide you with the relevant information.

RESOLUTION OF COMPLAINTS

It is important that you are satisfied with our services. If we have failed to meet your expectations, you should take the following steps:

1. Contact your financial adviser and discuss your areas of concern.
2. Your complaint will be acknowledged in writing.
3. If your complaint is not satisfactorily solved by the financial adviser within 5 business days, please contact the *Compliance Manager* at PATRON via one of the following means:

MAIL	PO Box 1370 Parramatta NSW 2124
PHONE	02 9687 0311
FAX	02 9687 6133

The manager will investigate your complaint and attempt to fairly resolve your complaint within 14 business days.

If you are still not satisfied, you can refer the matter to the Financial Industry Complaints Service Limited (FICS). FICS is an independent body set up by the Financial Planning Association of Australia to assist investors to resolve certain types of complaints with authorised representative of Australian Financial Service Licensees.

FICS may be able to assist to resolve your complaint, but only if you are not satisfied with the response received from PATRON. If FICS accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and PATRON to come to a mutual agreement. If conciliation is unsuccessful, the complaint is referred to an independent adjudicator for a determination that is binding, should the investor accept.

FICS can be contacted via one of the following means: phone on 1300 78 08 08 or by mail at the following address:

MAIL	PO Box 579 Collins Street West Melbourne VIC 8007
PHONE	1300 78 08 08
EMAIL	fics@fics.asn.au