

redwood

wealth alliance

Enduring Wealth Strategies

FINANCIAL SERVICES GUIDE

About this Financial Services Guide

This Financial Services Guide (FSG) is an important document which we are required to give to you under the requirements of our Australian Financial Services Licence. It provides you with information about Redwood Wealth Alliance ('Redwood', 'we', 'us' or 'our') to help you decide whether to use our financial services and to provide you with an understanding of what to expect from our relationship.

This FSG contains important information about:

- who we are and how we can be contacted;
- the financial services and financial products we are authorised to provide;
- how we are paid for our services;
- potential conflicts of interest; and
- how we deal with a complaint if you are unhappy with our services.

This Australian Financial Services Guide (FSG) is issued by the authority of Redwood Wealth Alliance Pty Ltd.

Who is Redwood Wealth Alliance?

We are a boutique financial well-being company that takes into consideration all aspects of our clients' financial circumstances and needs. We aim to build lifelong relationships with each and every one of our clients.

We are completely focused on creating wealth strategies that will endure over time. We leverage the diverse expertise within our whole team to provide a range of financial services including investment and wealth strategies for our clients. Working together, we have one focus – you.

Redwood is owned and managed by its staff and has no ownership links or affiliations with any bank, fund manager, insurance company or other issuer of financial services or products. We have no obligations to any other party when we provide advice to you.

Who is responsible for the financial services provided to you?

Redwood is responsible for the advice and services provided to you. Any financial services offered by us will be provided to you by a representative of Redwood.

We hold an Australian Financial Services Licence (No 227870) which enables us to provide advice on a wide range of investments. We will only recommend products or securities that are on our Investments List.

What services can we offer?

Redwood is authorised under its Australian Financial Services Licence to provide advice and dealing services to retail and wholesale clients in:

- Basic and non-basic deposit products;
- Government debentures, stocks or bonds;
- Investment life insurance products and life risk insurance products;
- Managed investment schemes including IDPS and MDA services;
- Retirement savings accounts products;
- Securities;
- Margin lending facilities; and
- Superannuation.

When providing financial services to you, Redwood acts on your behalf.

How we advise you

At Redwood we have a close relationship with a select number of clients. It is important to us that anyone wishing to become a client understands what we do (and don't do) and how our service operates. You also need to know how our fee structure works and what to do if you have a problem.

Should you choose to become a client of Redwood all initial advice is provided in writing. We will provide you with a Statement of Advice (SOA) containing the advice, the basis on which it is given, and important information about fees, commissions and any associations which may have the potential to influence the provision of advice. Of course, in Redwood's case nothing influences the provision of advice except what we believe is in your best interest.

From time to time, you may also receive from us an SOA and/or Record of Advice (ROA). An ROA will be provided instead of an SOA if there have been no significant changes in your personal circumstances or the basis of the advice has not significantly changed since the last SOA was provided. You have the right to request a copy of any of these documents for up to seven years after the date the advice was provided.

Because Redwood is a client oriented advisory firm we aim to give personalised advice suitable to your investment needs and financial circumstances. To do so we need to find out your individual objectives and financial situation before recommending any course of action to you. Otherwise, our recommendations may not be suitable for you. You have the right not to divulge this information to us if you do not wish to do so. If this is the case, we are required to warn you about the possible consequences of us not having your full personal information. You should read the warnings carefully.

We maintain a detailed file which includes your personal details, objectives, investments and recommendations. Redwood is committed to ensuring the confidentiality and security of your personal information which is collected primarily to advise you on financial matters, for the preparation of an SOA and to administer your financial matters. Please refer to our Privacy Policy for further details on our commitment to protecting your personal information, how your personal information will be collected, maintained and who will have access to your personal information. Our Privacy Policy is available on our website or on request.

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.

What is a Managed Discretionary Account Service?

Redwood is authorised to provide Managed Discretionary Account (MDA) services by the Australian Securities and Investments Commission (ASIC).

Before providing our MDA service, you must first enter into an MDA contract with us which clearly sets out our relationship. The MDA contract allows us to transact on your behalf without the need for your prior approval on each transaction. This is essential for efficiency and timeliness of transactions. You may not be aware of the investment transactions being undertaken

on your behalf until after the event. You may also give us specific instructions on how to deal with various transactions or investments. This process is outlined in the MDA contract.

The MDA contract will be accompanied by an SOA incorporating an Investment Program, which sets out how your money will be invested. The Investment Program will be developed based on your relevant personal circumstances, financial objectives and needs. Your Investment Program will be reviewed every 12 months.

The MDA contract and Investment Program, which complies with Division 3 of Part 7.7 of the Corporations Act, contain the following information:

- nature and scope of the discretions that Redwood will be authorised and required to exercise;
- any significant risks associated with the MDA contract;
- basis on which the MDA contract is considered suitable for you;
- warnings that our service does not include custodial or depository services, we may recommend that your assets be held by a custodial service; and
- warnings about the importance of any limitations relating to the MDA contract which must be considered before signing the MDA contract.

You should be aware that our MDA service may not be suitable to you if you provide us with limited or inaccurate information relating to your personal circumstances or cease to be suitable to you if your relevant circumstances change.

A key ingredient of this service is ensuring that communication of your needs and objectives is undertaken regularly.

As the MDA Operator of the service, Redwood will be responsible for:

- Instructing the custodian to deal in financial instruments in your portfolio (ie execution of trades), to exercise your rights in corporate actions and to carry out transactions on your account.
- Ensuring that your portfolio assets are managed as a discrete portfolio belonging to you.
- Complying with your instructions and communications about portfolio assets.

You will have access to on-line reporting and/or hard copy statements for your account. This will allow you to view transactions undertaken on your behalf and to understand the impact on your account.

Redwood does not provide custodial, depository or investment administration services for your portfolio assets. Under our MDA Services, custodial services are provided by; Netwealth or BT.

For further information on Netwealth's responsibilities please refer to the Netwealth IDPS & Financial Services Guide. For further information on BT's responsibilities please refer to BT's FSG.

This information and FSG complies with the Australian Securities & Investments Commission (ASIC) relief provisions including Class Order 04/194.

Providing instructions to Redwood

You can provide instructions to us by telephone, email, fax, in person or in writing. Please contact Redwood by telephone to alert us to your email, mail or fax if you are working within tight timeframes.

Your role and responsibilities

In order to develop a successful financial strategy and make appropriate recommendations for you, we must consider your personal circumstances and your financial objectives.

To accomplish this, you must provide us with complete, accurate and current information regarding your personal and financial position, objectives and needs.

It is also important that you keep us up to date by informing us of any changing circumstances so we are able to determine if our advice continues to be appropriate.

You have the right not to provide us with certain personal information. However, if you don't provide this information, the advice you receive may not be appropriate for your needs, objectives and financial situation.

Professional Indemnity Insurance

Redwood has a professional indemnity insurance policy (PI policy) in place that complies with section 912B of the Corporations Act 2001. The PI policy covers Redwood and its representatives for claims made against Redwood and its representatives by clients as a result of the conduct of Redwood or its representatives in the provision of financial services. Our PI policy will cover claims in relation to the conduct of representatives who no longer work for us but who did at the time of the relevant conduct. This is subject to the usual terms of the PI policy in relation to providing indemnity.

What to do if you have a problem

We are committed to providing quality advice and a high level of personalised service. You have the right to expect that Redwood will treat you fairly and honourably and provide professional service to you.

If you believe this has not happened you should immediately contact Redwood's Managing Director and discuss the problem on (08) 9380 2000 or put any problem in writing and send it to: The Managing Director, Redwood Wealth Alliance Pty Ltd, PO Box 695, WEMBLEY WA 6913. We are committed to resolving your concerns quickly and fairly.

Redwood is a member of the Financial Ombudsman Service Ltd (FOS). If we cannot reach a satisfactory resolution, you have the right to contact FOS on 1800 367 287 (this is a free service). You can also obtain information about your rights from ASIC on 1300 300 630.

How are we paid for the services we provide?

The initial consultation is free of charge. At this meeting the adviser will discuss the fees that will be payable to prepare a written SOA. Prior to engaging our services, we will clearly detail our fees for that specific service. Our fees may be tax deductible. You should seek confirmation from your accountant. All fees noted below are inclusive of GST.

Initial Statement of Advice (SOA) Fee

This is usually about \$7,700 to \$16,500 and is based on the complexity of your situation. The initial SOA fee covers all initial meetings, correspondence and strategy preparation.

Ongoing Advice Fee

We charge a monthly fee relating to the ongoing strategic advice, regular and ad hoc meetings, access to our team of financial advisers and most importantly keeping you on track to achieve your objectives. This is usually between about \$550 and \$1,100. This fee is set depending on the client's circumstances and the complexity of the work involved. We will review this fee on an annual basis. This fee is usually charged to the client's external bank account.

Portfolio Management Fee

We charge a Portfolio Management Fee for managing your investments. The Portfolio Management Fee will depend on the services we provide to you. The Portfolio Management Fee is usually a maximum of 1.21% of your portfolio held on the custodian platform per annum (excluding Custody fees). For example, with a portfolio balance of \$2 million, your Portfolio Management Fee will be a maximum of \$24,200 per annum.

The Portfolio Management Fee (as a percentage of your portfolio) will be lower for portfolios of greater than \$2 million.

Ad Hoc Advice Fees

We may charge a fee for investment or strategic advice on a matter not included in our ongoing service or requiring considerable time. We will discuss this with you before commencing any such work.

Stamping Fees

We may receive a stamping fee on capital raisings undertaken by companies. This includes initial public offerings and rights issues. These are one-off payments of up to 0.55% of funds raised. For example, if we raised a total of \$500,000 in capital raising projects, we could receive up to \$2,750.

Fees for Dealing Services

We charge a fee for dealing in financial products on your behalf. Fees for dealing services can range up to 1.1% of the value of transactions. For example, if we purchased \$50,000 worth of shares or unlisted managed funds, the fee for dealing services will be a maximum of \$550.

Investment Commissions

From 1 July 2013 the Future of Financial Advice ("FOFA") reforms banned conflicted remuneration structures including commissions. Redwood has some legacy arrangements with product providers which continue to pay us a trail commission. At the time of preparing this FSG it equates to less than \$20,000 per annum.

Adviser Remuneration

Redwood advisers are remunerated by salary, with an occasional bonus if there are significantly heavier workloads than usual. Like other professionals, Redwood pays its advisers from the fees it earns.

Paul Begley, Brad Martyn, Peter Eastman and Steven Hendry are directors of Redwood Wealth Alliance Pty Ltd and they are paid a salary. They are also shareholders of Redwood via their associated entities and may be entitled to profit share arrangements.

Alternative Remuneration Register

From time to time representatives of Redwood may be invited to social and sporting events, or receive gifts such as a bottle of wine on special occasions. These rare invitations and gifts could be provided by a wide range of product providers and do not influence the advice we provide you. The value of each gift is not permitted to exceed \$300. Details of these are available on a specially maintained Soft Dollar Register which is available for your viewing. Please ask if you wish to view the register.

Associations

Redwood and its representatives may hold the same investments as you. Where our interests are substantial and may create a conflict of interest, we will disclose this to you.

Redwood has a relationship with Netwealth that allows Redwood to receive a concessional rate to access Xplan, a financial planning software. Macquarie Private Wealth and Morgan Stanley Wealth Management provide Redwood with access to Webbress, a provider of share market data.