

## Financial Services Guide

# Sanlam Private Wealth Pty Ltd

ABN 18 136 960 775

AFSL No. 337927

This Financial Services Guide (FSG) is dated 1<sup>st</sup> April 2019 and is provided to you by Sanlam Private Wealth Pty Ltd (**Sanlam, we, our, us**) to inform you of the financial services provided by us and to comply with our obligations as the holder of an Australian Financial Services Licence (AFS Licence No. 337927).

This FSG is meant to assist you to decide whether to use our services and to explain:

- who we are;
- what financial services we provide and the products to which those services relate;
- what our responsibilities are and what type of advice we give;
- how you can instruct us;
- what you can expect to pay for the financial services;
- what remuneration and other benefits may be paid to us, our employees or others;
- what to do if you have a complaint, and how it will be dealt with;
- for what purpose we use your contact data; and
- how you can contact us.

This FSG contains only general information about the services we offer. If you still have any questions after reading this FSG, please contact us. Our contact details are listed at the end of this document.

### WHAT OTHER DISCLOSURE DOCUMENTS AND STATEMENTS WILL I RECEIVE?

Although it is not our policy to provide personal advice, if we do provide you with personal advice or further assistance in selecting products or services having regard to your personal and financial circumstances, needs or objectives, we will, where we are required to do so under the law, issue you with a **Statement of Advice** (SoA) that will set out the personal advice we have given you, including any recommendations we offer along with our rationale for our recommendations and information about any fees, commissions, associations or relationships which might influence the provision of that advice.

If we provide to you a SoA, we may provide further advice to you after we have given you a SoA. If we have not provided you with a record of the further advice you may request, either verbally or in writing, a record of further advice within 7 years (or as prescribed by law) of us providing the further advice.

Generally, where we arrange for the issue of a financial product to you, you will receive a **Product Disclosure Statement** (PDS) or other relevant disclosure documents that include information about the product so that you can make an informed decision whether to acquire the product. It would include any relevant terms, significant risks and costs associated with the supply of that financial product.

### HOW YOU CAN INSTRUCT US AND YOUR OBLIGATIONS?

We will accept order instructions via telephone, email or facsimile.

You must check and confirm with us that orders sent via fax or email, have in fact been received by us.

You must review any confirmation or statement we send to you immediately upon receipt to ensure its accuracy and report any discrepancies to us.

If you have opened a Managed Discretionary Account with Sanlam you will be able to contact us by telephone, email or facsimile to provide instructions relating to your portfolio assets or any corporate actions.

## **WHO ARE WE AND WHAT SERVICES ARE WE AUTHORISED TO PROVIDE?**

Sanlam holds a current AFS Licence No. 337927 which authorises us to provide general and personal advice on and deal in the following classes of financial products:

- deposit and payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks and bonds;
- life products including investment life insurance products and life risk insurance products;
- managed investment schemes including IDPS;
- MDA Services;
- securities;
- standard margin lending facilities; and
- superannuation

We are also authorised to:

- issue interests in our own managed investment schemes to wholesale clients and issue MDA Services to retail and wholesale clients; and
- Operate custodial or depository services other than IDPS.

We act on our own behalf and under our own AFS Licence when we provide services to you. We can offer our services to both wholesale and retail clients.

Sanlam is an investment and financial services house with extensive experience in servicing the needs of both private investors and corporate clients. Sanlam has an extensive suite of products to service the needs of private clients and institutional investors.

The mission of Sanlam is to provide honest, timely, objective and accurate advice to help our clients achieve long term financial security and accumulate wealth in an efficient and timely manner. This service is built on personal trust and is based on solid long-term relationships.

Sanlam provides dealing and cash management services, financial planning services, MDA Services and general financial advice to its clients.

## **WHAT INFORMATION DO WE OFFER TO YOU, AS OUR CLIENT?**

We can offer you factual market data and information, including general advice, regarding those products and services our AFS Licence permits us to provide. The products on which we may provide this information include:

- Securities and Exchange-Traded Options traded on local and international exchanges;
- Futures and Options on Futures traded on local and international exchanges;
- Over-the-counter derivatives such as Contracts for Difference (CFDs);
- Over-the-counter foreign exchange contracts such as Margin FX and FX CFDs;
- Managed Funds;
- Margin Lending Facilities and Cash Management Trusts; and
- Client education seminars (product awareness and trading skills).

## **WHAT ARE OUR RESPONSIBILITIES AND WHAT TYPE OF ADVICE DO WE GIVE?**

### *Advisory and Dealing Services and MDA Services*

We provide **general advice** and information regarding financial products and services (other than under Sanlam's managed discretionary account service, further details below) that can be dealt through us. This information or advice does not take

into account your personal and financial circumstances, needs and objectives and because of that you should, before acting on the advice, consider the appropriateness of the advice having regard to your personal and financial circumstances, needs and objectives.

It should be noted that if you open an account with us you will also be requested to provide some information relating to your financial circumstances and risk profile. This information is collected so that we can:

- receive some reassurance that you will be able to finance any trading that you enter into and that your attitude to risk is comparable to that of the financial products you intend to trade; and
- identify who you are as required by the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AMLCTF Act 2006).

### *Financial Planning Services*

Sanlam will provide clients with expertise and professional service in the market. It and its representatives will take all necessary steps to understand your needs and to develop strategies that meet your financial and lifestyle needs.

More specifically, Sanlam will tailor strategies for your situation to help you make informed decisions in relation to your financial future in the following areas:

- Superannuation – Help you plan for a secure and comfortable future.
- Investment – Help you understand the different asset classes by calibrating the right mix of defensive and growth investments and above all, manage the investment risk.
- Insurance – Assist you with understanding the importance of holding the right personal risk cover to help meet basic living expenses should the unforeseeable happen. Further, assist you with understanding the various insurance policies and considerations such as policy ownership to find the appropriate mix of cover to suit your needs.
- Retirement – Assist you in creating strategies that allow you to gradually ease into retirement without compromising how you live.

Sanlam will provide ongoing advisory services, including regular portfolio reviews.

### **WHAT IS A MDA SERVICE?**

A MDA service is a managed investment scheme and a facility for making a financial investment that has the following key features:

- you give to the MDA Provider, i.e. Sanlam, access to money or money's worth (client contributions);
- Sanlam has the discretion to invest in financial products using your contributions without prior reference to you for each transaction;
- you agree with Sanlam that assets derived directly or indirectly from your contributions are managed as a discrete portfolio belonging to you; and
- you have an understanding that you will derive benefits from the MDA service, including benefits from Sanlam's expertise in investment selection and other services offered as part of the MDA service.

Either the Adviser or the MDA Manager appointed by Sanlam (as disclosed in the MDA Contract that you have signed with Sanlam) will be responsible for reviewing the Investment Program once every 13 months.

Where your relevant personal circumstance have changed you will be responsible for informing either Sanlam, the MDA Manager or the Adviser (as the case may be). Either the Adviser or the MDA Manager appointed by Sanlam (as disclosed in the MDA Contract that you have signed with Sanlam) will review the Investment Program and MDA Contract to ensure it remains suitable for you.

### **WHAT IS THE MDA CONTRACT?**

In order to provide you with MDA services you need to open an MDA. To open an MDA you must enter into an "MDA Contract" with Sanlam before the MDA service can be provided.

The MDA Contract will include an Investment Program that is prepared in accordance with the requirements in Division 3 of Part 7.7 of the Corporations Act (ie. provision of personal advice to retail clients and Statement of Advice) and Division 2 of Part 7.7A of the Corporations Act (ie. best interest obligations). The Investment Program will contain the following information:

- the nature and scope of the discretions Sanlam (and any person authorised by Sanlam in the MDA Contract) will be authorised and required to exercise under the MDA Contract and any investment strategy that is to be applied in exercising those discretions;
- any significant risks associated with the MDA Contract;
- the basis on which Sanlam considers the MDA Contract to be suitable for you; and
- warnings about the MDA Contract, such as:
  - it may cease to be suitable for you if your relevant circumstances change; and
  - it may not be suitable for you if you have provided Sanlam with limited or inaccurate personal information about your relevant circumstances.

#### **WHO HOLDS THE LEGAL TITLE TO YOUR PORTFOLIO OF ASSETS?**

You open an MDA in your own name or the name of a company or trust you control and thus, the entity/ person that owns the MDA holds the legal title to the portfolio of assets. The MDA service provided by Sanlam does not include custodial or depository services.

You will be required to open either a cash management account and/or trading account with a Third Party Service Provider and deposit funds in such account or link an existing cash management account or bank account (that you have opened with a third party service provider) to your trading account to facilitate any trading you do on your account. You will retain legal title over any cash management account, bank account or trading account at all times however your funds and assets will be held with the Third Party Service Provider in either a Clients' Segregated Account or a Clients' Trust Account. The Third Party Service Provider which may or may not have been nominated by Sanlam provides dealing services to you (under its own AFS Licence), which includes execution and clearing services and holding client funds.

#### **OUTSOURCED PROVIDERS**

Sanlam has outsourcing arrangements in place with Third Party Service Providers that are responsible for the provision of dealing services which includes execution and clearing services and holding client funds. The Third Party Service Provider that will be responsible for providing these services to you is dependent on the MDA you invest in and is disclosed in the MDA Contract you sign with Sanlam. MDA clients are required to enter into a separate arrangement with Sanlam with respect to these services.

Sanlam may also outsource certain administrative functions on an adhoc basis to reputable service providers. Where relevant the name of your administration service provider will be disclosed in the MDA Contract you sign with Sanlam.

Prior to engaging with any Third Party Service Provider, Sanlam will assess the service provider on their merits and reputation, and will consider matters such as:

1. their size and reputation in the market;
2. their duration of operation and their track record;
3. their financial stability; and
4. any other factors deemed relevant at the time.

Sanlam, generally, only deals with reputable third parties known to deliver professional services to their customers.

When we outsource functions to a third party, we establish a contract, we monitor the performance of that third party closely by observing the performance of their service, and we monitor their services against the agreed contractual services.

## RISK DISCLOSURE

There are significant risks associated with an investment via an MDA, of which not all can be outlined. Investment via the MDA may not be suitable for all investors. There can be no assurance that the MDA will achieve its investment objectives. Each prospective investor should carefully review the MDA Contract and carefully consider the risks before deciding to invest. Accordingly, in evaluating the merits and suitability of an investment in the MDA, careful consideration should be given by prospective investors to the risk factors some of which are summarised below:

- General Economic Conditions and Market Risks – The MDA’s operating and financial performance may be influenced by a variety of general domestic and international economic factors and business conditions which are outside the control of the MDA Provider and the MDA Manager. These include changes in the inflation rate, commodities prices, exchange rates, interest rates, the government and government fiscal, monetary and regulatory policy, natural disaster and acts of terrorism.
- Industry Risk – There are a number of industry risk factors that may affect the future operational performance of the MDA. These factors are outside the control of the MDA Provider and the MDA Manager. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.
- Financial Market Volatility – A fall in global or Australian financial markets or the rapid change in the value of the Australian dollar against other major currencies may discourage investors from investing in financial markets. This may have a negative effect or a positive result on the price of the financial products in the MDA, however these factors are taken into account when taking a trade.
- Liquidity Risk – The MDA may invest in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts) or expensive for Sanlam to liquidate positions against which the market is moving. Alternatively, it may not be possible in certain circumstances for a position to be initiated or liquidated promptly (in the event of insufficient trading activity in the relevant financial product).
- Exchange Rate Risk – Investment in a MDA must be converted to Australian Dollars. Accordingly, investors other than Australian nationals should be aware that exchange rate fluctuations could cause the value of the investment to diminish or increase. In addition, the price of any financial products traded on international markets and, therefore, the potential profit and loss therein, may be affected by any variance in the foreign exchange rate between the time the order is placed and the time it is liquidated, offset or exercised.
- Diversification – the MDA may be less diversified than portfolios operated by other investment managers, as the MDA is likely to be concentrated in a limited number of financial products, to maximize the investment strategy. The fundamental and technical performance of a financial product and its associated factors are taken into consideration when trading and investing.
- Size of MDA – The size of the MDA will determine the allowed diversity and risk profile of the MDA. Effective risk management depends on a range of factors, including insurance of these positions with put or call options and other factors, including a defined and successful Investment Program.
- The MDA Provider and MDA Manager – The profitability of the MDA is dependent on the MDA Provider’s and MDA Manager’s successful implementation of the investment strategy set out in the Investment Program. There can be no guarantee that the investment strategy will be realised.
- Tax Considerations for Investors – There may be tax implications arising from the receipt of profit from the MDA. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.
- No guarantee can be given in respect of the future earnings of the MDA or the capital appreciation of your investments. The price of investments that the MDA Manager has purchased in the MDA can fall as well as rise over time. Further, no assurance can be given that the strategies employed by the MDA Provider or the MDA Manager in the past to achieve attractive returns will continue to be successful, or that the return will be similar to that achieved in the past.
- Sanlam makes no representation as to any return that investors will earn via the MDA and there can be no assurance that the target performance information, set out in the Investment Program, will be in any respect indicative of how the MDA will perform (either in terms of profitability or low correlation with other investments) in the future.
- The performance of the MDA will be affected by charges relating to the investments. Typically, high portfolio turnover may result in correspondingly high transaction costs and the exact amount of brokerage and related transaction costs that will be incurred will depend upon a number of factors, including the nature and frequency of the market opportunities presented, the size of transactions and the transaction rates in effect from time-to-time. Refer to information in the Disclosure of Fees and Commissions outlined in the Statement of Advice – Investment Program.

- As MDA investing is not carried out on a “pooled” basis, but rather is separated as discrete portfolios, individual account balances and portfolio valuations may vary substantially in comparison to other MDAs.
- Inaccurate and incomplete relevant personal information provided by you may result in investments in financial products that are not suitable to your needs.

### **NON-LIMITED RECOURSE PRODUCTS AND FACILITIES**

Non-limited recourse products or facilities can include loans used to acquire financial products (including margin loans), and certain types of derivatives and foreign exchange contracts.

Investing in non-limited recourse products or facilities can significantly increase your investment risk. Specifically, a non-limited recourse product or facility imposes a legal obligation on you to pay an amount to another person or financial institution in the event of the occurrence or non-occurrence of something where the rights of the other person or financial institution are not limited to any property or asset that you have paid or set aside as security for the agreement.

#### *Example 1: Margin Loan*

You use \$50,000 of your own money and borrow \$450,000 via a margin loan to invest in \$500,000 in shares. If your shares suffer a significant decrease in value to \$200,000 and you are required to meet a margin call from the lender immediately to fully repay your margin loan, you may be forced to sell \$250,000 of your other assets and property to make up the shortfall in value due to the decrease in value of your shares which have been held as security for the margin loan.

#### *Example 2: Derivatives and Foreign Exchange (FX) Contracts*

Derivatives contracts and FX contracts are agreements which allow you to make a gain or loss, depending on the movement of underlying asset. By way of example the underlying asset could be stocks, bonds, indices, commodities, interest rates or currencies. The contract derives its value from the underlying asset which may never be delivered to you, and you may not have a legal right to, or ownership of it. Rather, your rights are attached to the contract itself. The money you will receive will depend on whether the underlying asset you choose moves in your favour. If it does, then you will make a gain and your account will be credited. If it does not, then you will make a loss and your account will be debited. The contracts only require a deposit, which is much smaller than the contract size (this is why the contract is “margined” or “leveraged”).

Margin is typically a relatively small proportion of the overall contract value. For example a contract trading on leverage of 100:1 will require margin of just 1% of the contract value.

A small price movement in the underlying asset may result in a large movement in the value of your trade – this can work in your favour, or result in substantial losses.

You may lose your initial deposit and be required to deposit additional "margin" in order to maintain your position. If you fail to meet any margin requirement, your position will be liquidated and you will be responsible for any resulting losses.

Trading in Derivatives contracts and FX contracts is high risk and not suitable for everyone, most importantly do not invest money you can't afford to lose.

This example is based on a USD \$1,000 account. The trader anticipates that the EUR will depreciate against the USD in the near future. After the first day, his position deteriorates and a Margin Call is triggered. The position continues to fall and the trader decides to close the position at a loss.

<b>Initial Deposit</b>	Max Deposits 1,000 USD
<b>Day 1</b>	
Trade: Max sells a contract of EUR/USD at our standard lot size, which is 100,000.	Sell 1 EUR/USD @ 1.24656
Trade Value in USD	1 x 100,000 x 1.24656 = 124,656 USD
Floating P/L: On Day 1 the price of EUR/USD has not changed.	Floating P/L: 0 x 100,000 = 0 USD
Margin (Leverage 1:200 (ie. 0.5%)) = Market Value x leverage	Margin: 124,656 x 0.5% = 623.28 USD

<b>Account Value at end of Day 1</b> Equity = Balance - Floating P/L Free Margin = Equity - Margin	Balance: 1,000 USD Equity: 1,000 USD Free Margin: 376.72 USD
Equity to Margin Ratio	$1000/623.28 \times 100\% = 160\%$
Was Margin Call Triggered? Trigger Point: Equity/ Margin < 90%	No Margin Call
Was position stopped out? Trigger Point: Equity/ Margin < 20%	No Stop Out
<b>Day 2</b>	
Rollover Interest: Max holds his position overnight. In this example, the swap (short position) for EUR/USD is 2.46 pips. This is charged against the funds that Max has deposited.	$1 \text{ lot} \times -2.46\text{pips} \times 1 \text{ day} = -24.6 \text{ USD}$
Floating P/L: On Day 2 the price of EUR/USD has moved against Max's position by 23.5 pips to 1.24891 (bid) / 1.24909 (offer).	Floating P/L: $-0.00235 \times 100,000 = 235 \text{ USD}$
Margin (Leverage 1:200 (ie. 0.5%)) = Market Value x leverage	Margin: $124,421 \times 0.5\% = 622.11 \text{ USD}$
<b>Account Value at end of Day 2</b> Equity = Balance - Floating P/L Free Margin = Equity - Margin	Balance: 975.40 USD Equity: 740.40 USD Free Margin: 118.30 USD
Equity to Margin Ratio	$740.40/622.11 \times 100\% = 119\%$
Was Margin Call Triggered? Trigger Point: Equity/ Margin < 90%	No Margin Call
Was position stopped out? Trigger Point: Equity/ Margin < 20%	No Stop Out
<b>Day 3</b>	
Rollover Interest: The position is held open overnight. The swap (short position) for EUR/USD remains 2.46 pips, for which Max is charged.	$1 \text{ lot} \times -2.46\text{pips} \times 1 \text{ day} = -24.6 \text{ USD}$
Floating P/L: The following day, the price of EUR/USD has moved against Max's position by a further 11.9 points (ie. 35.4 points down from original price) to 1.25010 (bid) / 1.25028 (offer).	Floating P/L: $-0.00354 \times 100,000 = 354 \text{ USD}$
Margin (Leverage 1:200 (ie. 0.5%)) = Market Value x leverage	Margin: $124,186 \times 0.5\% = 620.93 \text{ USD}$
As there are insufficient funds to hold the position open, Max decides to close the position at a loss and buys EUR/USD.	Buy 1 EUR/USD @ 1.25028
Trade Value in USD	$1 \times 100,000 \times 1.25028 = 125,028 \text{ USD}$
Trading Loss	$124,656 - 125,028 = -372 \text{ USD}$
Margin (Leverage 1:200 (ie. 0.5%)) = Market Value x leverage	Margin - No open position $0 \times 0.5\% = 0 \text{ USD}$
<b>Account Value at end of Day 3</b> Equity = Balance - Floating P/L Free Margin = Equity - Margin	Balance: 578.80 USD Equity: 578.80 USD Free Margin: 578.80 USD

In circumstances where non-limited recourse products or facilities are part of the MDA Service offered by Sanlam, you should understand that you can lose an amount greater than the current value of your investment, in which case you can be forced to dispose of the other assets and property you own (including your family home if it is in your name) to repay your loan.

The level of leverage and risk in terms of an MDA that could be offered to you is unknown at this point because the requisite due diligence of your circumstances, needs and objectives has not been conducted and are not known, and hence the underlying product holding of your MDA is also unknown. However, where advice is provided to you in the Statement of Advice, which involves non-limited recourse products and facilities, then the level of leverage and risk related to the non-limited recourse products and facilities will be fully disclosed to you in writing in the Investment Program included in the Statement of Advice, in order for you to be able to make an informed decision as to whether to proceed with the MDA.

If we issue MDA Services to you and as part of the Investment Program you will be using or trading Non-Limited Recourse Products or Facilities, we will provide to you the Product Disclosure Statement (PDS) produced by the Third Party Service

Provider (ie. issuer) that such financial products are acquired through. The PDS contains important information about the financial product, including, but not limited to:

1. Margin requirements;
2. Acceptable collateral (if applicable);
3. Information about leverage;
4. Significant risks

Sanlam will monitor the trading activity and ensure that the risk parameters (ie. where relevant use of stop losses, maximum loss limits, requirement to close positions, etc) defined in the Investment Program included in the Statement of Advice are adhered to and that Margin Calls are sent to clients and met by clients pursuant to the relevant terms and conditions.

**DETAILS OF ASSOCIATIONS OR RELATIONSHIPS**

Sanlam has a relationship with providers of execution, clearing and settlement services and portfolio administration services. These relationships in no way influence the provision of financial services by Sanlam to you.

**THE COSTS, REMUNERATION AND OTHER BENEFITS THAT MAY BE RECEIVED BY US, OUR EMPLOYEES AND OTHERS?**

The information in this section is subject to change and does not include information in relation to taxes or duties that you may be required to pay in relation to an investment. Unless otherwise stated, all fees, charges, commissions and benefits disclosed in this FSG are exclusive of the Goods and Services Tax (GST).

***Advisory and Dealing Services and MDA Services***

Sanlam (through Third Party Service Providers) will arrange, as authorised by you, for brokerage/ commissions/ transaction fees to be debited from your account when a transaction has been completed in consideration for services rendered. The amount of commission can differ greatly depending on the services provided (ie. ranging from execution only services to advisory and dealing services). Generally, the commission may be charged on a per trade basis or on a cash under management basis. The following ranges are an indication of the brokerage/ commissions/ transaction fees that may be charged:

*Per Trade Basis*

<b>Product</b>	<b>Minimum Commission</b>	<b>Maximum Commission</b>
Equities	\$19 per trade.	2% of trade value
Options	\$7.50 per trade	\$100 per trade
Futures	\$7.50 per trade	\$50 per trade
Managed Funds	0.25% of funds invested	2% of funds invested

*Cash under Management Basis*

<b>Product</b>	<b>Minimum Commission</b>	<b>Maximum Commission</b>
Management Fees	0.1% of funds under management	1.25% of funds under management
Performance Fees	0%	20% of profit generated during the reporting period*
Ongoing Advice Fees	\$0 per annum	\$70 per annum

\* The reporting period is defined in the MDA Contract and can be either monthly or quarterly.

The actual brokerage, commissions, transaction fees and charges payable will depend upon the relevant service provided by Sanlam. Sanlam will include full details of commission payable by you in the Client Agreement or MDA Contract (as applicable) entered into between Sanlam and you.



Included within the brokerage, commissions and transaction fees will be any administration or agents' execution fees. In addition to these, Sanlam may require you to reimburse it for any fees levied on Sanlam by a market operator or clearing and settlement facility in respect of transactions entered into by Sanlam for you.

### **Managed Discretionary Account Fees and Other Costs**

**Did you know?** Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features, such as investment performance or use of an MDA Service, justify higher fees and costs.

**To find out more:** If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

The following information shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the funds and assets held in your MDA.

Sanlam does not provide tax advice and you should obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

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

The following table sets out the fees and costs for Sanlam's MDA Service.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	N/A
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	N/A
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	N/A
<i>Exit fee</i> The fee to close your investment	Nil	N/A
<b>Management costs</b>		
<i>Management Fee<sup>1</sup></i> The fees and costs for managing your investment	up to 3.3% per annum (incl. GST)	This fee may be charged monthly or quarterly. It is payable in arrears on the last business day of the quarter/ month (as applicable) and will accrue daily between such dates based on the balance of the account at the end of the quarter/ month (as applicable).
<i>MDA Service Fee<sup>1</sup></i>	up to 0.055% per month (inc. GST) or \$5.50 per month (inc. GST)	Deducted from your cash account monthly in arrears by the 15 <sup>th</sup> day of each month.
<b>Service fees</b>		
<i>Switching fee</i> The fee for changing investment options	Nil	N/A
<i>Performance Fee<sup>1</sup></i> The fee on new net profit within a quarter	up to 33% (incl. GST)	This fee may be charged monthly or quarterly. It is payable in arrears on the last business day of the quarter/ month (as applicable) and will accrue daily between such dates based on new net profit within a quarter/ month (as applicable).
<i>Transaction Fees<sup>1</sup></i> The fees charged by the Third Party Service Provider for the provision of dealing services	Refer to section titled 'The costs, remuneration and other benefits that may be received by us, our employees and others' <sup>2</sup>	Per transaction

1. This fee includes an amount payable to an adviser.

The fees that apply to an MDA that you open with Sanlam will be detailed in the MDA Contract signed by you with Sanlam.

**Example of MDA Fees**

The following table provides an example of how the fees and costs in the Sanlam MDA can affect your investment over a one year period. You should use this table to compare this product with other MDA Services.

EXAMPLE		BALANCE OF \$30,000 AND NO CONTRIBUTIONS DURING THE YEAR															
Management fee	3.3% per annum	<p>Sanlam charges the Management Fee on a quarterly basis, based on the Net Portfolio Value at the end of the quarter (ie. cash and market value of all financial products held in the account).</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Account Balance</th> <th>Management Fee</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$31,000</td> <td>\$170.50</td> </tr> <tr> <td>2</td> <td>\$30,000</td> <td>\$165.00</td> </tr> <tr> <td>3</td> <td>\$33,000</td> <td>\$181.50</td> </tr> <tr> <td>4</td> <td>\$34,000</td> <td>\$187.00</td> </tr> </tbody> </table> <p>The Annual Management Fee would be \$704.00</p>	Quarter	Account Balance	Management Fee	1	\$31,000	\$170.50	2	\$30,000	\$165.00	3	\$33,000	\$181.50	4	\$34,000	\$187.00
Quarter	Account Balance	Management Fee															
1	\$31,000	\$170.50															
2	\$30,000	\$165.00															
3	\$33,000	\$181.50															
4	\$34,000	\$187.00															
MDA Service Fee	\$5.50 per month or 0.055%	Total fees payable to Sanlam on a \$50,000 portfolio would be \$300 +GST per year.															
Performance fee	33%	<p>Sanlam charges the Performance Fee on a quarterly basis, based on new net profit within a quarter.</p> <p>If you invested \$30,000 in the MDA and made a new net profit of \$4,000 within the year then you would expect the Annual Performance Fee to be \$880.00. This estimate is inclusive of Goods and Services Tax (GST), and is provided as an example only and is not a forecast. The actual performance fee may be higher, lower or not payable at all.</p>															

**Additional explanation of fees and costs**

*Management Fee*

The Management Fee is calculated based on the Net Portfolio Value at the end of the quarter/ month (as applicable) and accrues daily between such dates. It is deducted the following month.

When you close your account, the Management Fee will be calculated on the Net Portfolio Value at the closure date on pro-rata basis and deducted from the account prior to the account closure being processed and finalized.

The fee is quoted inclusive of GST.

*Performance Fee*

A Performance Fee is payable in addition to the Management Fee.

Performance Fees are payable in arrears on the last business day of the quarter/ month (as applicable) and will accrue daily between such dates. It is deducted the following month.

A High Water Mark is applied to the Performance fee to ensure that any negative performance is recouped before another Performance Fee is charged.

This means that the Performance Fee will not apply to any quarter/ month (as applicable) in which a trading loss is sustained and such a loss will have to be recovered before the Performance Fee is again applied.

The fee is quoted inclusive of GST.

*Transaction fees*

As part of the MDA Service you will be charged Transaction Fees each time the MDA Manager trades on your behalf (ie. buys or sells a financial product for you).

These costs will depend on the frequency of trading within the MDA, which is determined by the investment strategy included in the Investment Program.

Further information about the Transaction fees, can be found on pages 3 – 4 in the section titled ‘The costs, remuneration and other benefits that may be received by us, our employees and others’, sub-section titled ‘Advisory and Dealing Services’.

#### *Other Fees or costs*

Other fees and costs may apply to the ETFs traded as part of some of our Model Portfolios. They are charged or incurred by the ETF issuer as an annual percentage for managing investments. The costs for ETFs range from an estimated 0.07% to 1.77% per year, based on the experience for 2016/17 and may change from time to time because of changes in the ETF issuer’s fees from year to year. To find out more, check the relevant product disclosure statement or other disclosure documents available from the website of each ETF issuer. When you choose a Model Portfolio that includes ETFs as part of its Investment Universe, you should consider any costs that will be charged by the ETF issuer, as these are in addition to the fees and costs shown in this document.

#### **Financial Planning Services**

A range of fees and other costs may be payable to us for the advice you receive and the financial products used.

Outlined below are the types of payments that you may be charged. Before we provide you with any financial advice, we will discuss these options with you and help you select the best payment method for you.

Where we are aware that you have used borrowed funds (i.e. funds that are either secured or unsecured) to invest through us, we will charge you a flat dollar advice fee.

In all cases, details of payments required for the services provided will be given to you at the time of any personal financial advice or when executing a transaction on your behalf. You will be provided with a tax invoice for any services provided and payment is generally made to Sanlam in accordance with the terms of the invoice and is payable by cheque or money order.

These amounts, where they can be determined, will be documented in your SoA. If at the time you receive your SoA the amounts cannot be determined, the manner in which they are calculated will be disclosed instead.

- **Fee for Service**

Under this method of payment, there are set fees payable for each service provided to you. Those services and fees include:

- You may be charged a fee upon your agreement for your initial consultation with us.
- There is a fee for the preparation of a SoA and this will be disclosed and agreed by you depending on the work involved.

You will be provided with a tax invoice for the service provided and you will need to provide a cheque or money order payable to Sanlam in accordance with the invoice.

- **Hourly Rate Direct Charges**

We may charge an hourly rate for financial services. The current rate is \$450.00 per hour or part thereof. Part or all of the initial commissions received from a product provider may be rebated to you if this charging option is used.

Before going ahead, we will provide you an estimate of the time that we may need.

Sanlam may receive payments from certain product providers whose products we recommend. These payments are based on the level of investments by Sanlam clients in those products or level of insurance premiums applicable.

- **Adviser Service Fee**

The Adviser Service Fee is a fee that we agree on for the ongoing advice and service that we are to provide, and is payable to Sanlam. Sanlam may pass all or part of that fee on to your financial planner/ adviser. Some products offer the option to deduct the Adviser Service Fee from your funds on a periodic basis.

- **Direct Share Investments**

We may charge you a fee over and above the brokerage fee charged for trading shares. A management fee based on the value of your direct share investment may also be charged. These fees are optional and have no minimum or maximum.

- **Commissions**

Sanlam may receive initial or ongoing commission payments when you invest in a product or commence an insurance policy through us. Under this arrangement, Sanlam may receive commission payments directly from product providers.

An initial commission is a one-off payment made upon entry to a financial product and an ongoing commission is paid each year for which a financial product is maintained.

Commission payments are based on a percentage of the funds you invest or the insurance premiums you pay. They are not paid directly by you and are instead deducted from the investment, superannuation, loan or insurance premium by the product provider and paid to Sanlam.

### ***Investment and superannuation products***

The initial commission that Sanlam may receive on an investment or superannuation product can be up to 5.50% of the investment amount.

The ongoing commission that Sanlam may receive can be up to 1.10% per annum of the investment amount.

Sanlam only receives initial or ongoing commission payments on investment or superannuation products, where they are entitled to receive these payments through existing arrangements with product providers.

### ***Insurance policies***

The initial commission that Sanlam may receive on insurance policies can be up to 80% of the first year's premium.

The ongoing commission that Sanlam can receive may be up to 20% per annum of the renewal premium.

We only receive commission payments where we are entitled to receive these payments through existing arrangements with product providers.

Any commission payments that Sanlam receives are not an additional cost to you.

### ***Margin Lending***

Sanlam may receive commission payments on margin loans which are based on a percentage of the loan amount. This commission is paid on an annual basis and Sanlam may pass this on to your financial planner/ adviser. Sanlam will only receive initial or ongoing commission payments on margin loans, or additional drawdowns to these products, where they are entitled to receive these payments through existing arrangements with product providers.

### ***General comments***

Our employees may, if authorised by you, be remunerated on a commission basis for the services provided to you. Their remuneration is included in the fees discussed above.

Where your business has been referred to Sanlam or your trade instructions require the use of a third party, Sanlam may be required to share a percentage of the fees or other charges with other parties, as disclosed and authorised by you in the Client Agreement or MDA Contract (as applicable) entered into between Sanlam and you.

## **IF YOU HAVE A COMPLAINT, HOW IT WILL BE DEALT WITH?**

If you wish to make a complaint, the Compliance Manager can be contacted on (03) 8640 5508 or by email [compliance@privatewealth.sanlam.com.au](mailto:compliance@privatewealth.sanlam.com.au).

Sanlam has a formalised client complaint resolution procedure. All complaints are reviewed and investigated by our Compliance Manager. If you make a complaint, our first response will be to contact you to discuss the complaint and to register a formal record of such complaint. We will try to resolve your complaint quickly and fairly.

If, despite our best efforts, you believe your complaint has not been satisfactorily dealt with, we offer the use of an independent industry arbiter. Sanlam has agreed not to contest a final resolution from the independent industry arbiter.

You can contact the independent industry arbiter by writing to:

- Australian Financial Complaints Authority **if lodged on or after 1 November 2018**

GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1800 931 678 (free call)  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Website: [www.afca.org.au](http://www.afca.org.au)

In accordance with Regulatory Guide RG126 and Section 912B of the Corporations Act 2001, Sanlam has Professional Indemnity Insurance in place which covers the work done for it by its representatives and employees.

## **FOR WHAT PURPOSE DO WE USE YOUR CONTACT DATA.**

Privacy is an important issue for us and we are committed to ensuring full compliance with Privacy Act requirements.

The personal data that we collect from you will only be used by us to assist in the planning of marketing proposals, education seminars, provision of general product advice to clients and as permitted under the AMLCTF Act 2006.

## **HOW YOU CAN CONTACT US?**

**Telephone:** (02) 8245 0500

**Facsimile:** (02) 8245 0599

**Mail:** Level 2, 33 York St, Sydney NSW 2000

**Website:** [www.sanlamprivatewealth.com.au](http://www.sanlamprivatewealth.com.au)

**Email:** [compliance@privatewealth.sanlam.com.au](mailto:compliance@privatewealth.sanlam.com.au)

### **In person:**

Level 2, 33 York St, Sydney NSW 2000