

# **Financial Services Guide (FSG)**

**Issued by: TMS Capital Pty Ltd (ABN 121 105 494 18)  
Australian Financial Services License No 333008**

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**Suite A, Level 3A  
43-45 East Esplanade,  
Manly NSW 2095**

**Po BOX 1149  
Manly NSW 1655**

**Ph: (02) 9976 5911  
Fax: (02) 9976 5922**

## 1. Purpose of this FSG

This FSG is issued by TMS Capital Pty Ltd and is to help you to understand the services TMS Capital Pty Ltd ("TMS") can provide you as well as to enable you to decide whether to obtain financial services from TMS.

This FSG also describes how TMS is remunerated, any potential conflicts of interest we may have and how you can make a complaint about the services you have received from TMS Capital Pty Ltd.

To the extent permitted by law, TMS and its representatives accept no responsibility or liability for any errors or omissions and/or actions taken as a result of the contents of this FSG.

## 2. Who is TMS

TMS is licensed under the Corporations Act 2001 (Australian Financial Services Licence No 333008).

TMS is responsible to you for the services provided under this FSG.

TMS is 100% privately owned by TMS staff.

## 3. Services Offered by TMS

TMS offers a mix of full financial planning and dealing in listed securities.

TMS is authorised to provide financial product advice and deal in a financial product in relation to the following:

- Basic deposit products
- Non-basic deposit products
- Government debentures, stocks or bonds
- Investment life insurance products
- Life risk insurance products
- Managed investment schemes including IDPS
- Retirement savings account products
- Securities
- Superannuation
- Standard margin lending facility

TMS financial planning services include:

- Retirement & superannuation planning
- Allocated pensions
- Redundancy advice
- Managed Investments
- Personal insurance
- Social Security advice
- Margin lending & negative gearing

TMS security services include the following:

- Direct trading in securities including shares quoted on ASX markets, and some international equities
- Information on listed companies, securities, market developments and special situations
- Access to research publications
- Advice on floats and new issues by companies listed on the ASX
- Advice on portfolio structuring and portfolio reviews

TMS also has access to Canaccord Securities Ltd's portfolio management service "Accolade" which provides the following services

- Transaction, income and expenditure reporting.
- Portfolio Valuation
- Asset class summaries
- Capital gains tax reporting
- Statement of income and expenses
- Cash summaries
- Investment income and franking reports
- Self managed superannuation fund reporting

## 4. Lack of Independence

TMS Capital is not independent, impartial or unbiased because it is able to receive commissions in limited circumstances, as noted elsewhere in the FSG, from product issuers such as life insurers.

## 5. Other documents you could receive

## Statement of Advice

If you require personal advice which takes into account your objectives, financial situation and needs from TMS you may, receive a Statement of Advice (SoA) which TMS is required by law to provide to you.

The SoA will set out the advice provided to you and a record of your relevant personal circumstances based on the information you have previously provided to TMS. It will also provide you with information about fees, commissions and any associations, which may influence the advice, you receive.

## When will I receive a SoA?

### New Client

You will receive a SoA when you first become a client of TMS and receive personal advice.

Subsequent advice will be given in the form of a Record of Advice (RoA). Unless you notify TMS that your personal circumstances have changed which may influence the types of investments or the suitability of strategies that have been employed on your behalf.

### Existing Client

If we have previously provided you with personal advice you will receive a SoA when we provide you with personal advice and you notify TMS that your personal circumstances have changed which may influence the types of investments or the suitability of strategies that have been employed on your behalf.

## Product Disclosure Statement

If you are acquiring, or a recommendation is made to you to acquire, a particular financial product you may be given a Product Disclosure Statement (PDS) or a prospectus. The PDS or prospectus will contain information about the financial product to help you to make an informed decision.

## Annual Fee Disclosure Statement

If you enter into an ongoing service arrangement with us and you pay fees for that service you will receive an annual statement to 30 June showing the fees paid, the services to be provided and the services actually provided as well as an estimate of the fees and services to be provided over the next twelve months. This statement covers Ongoing Review Fees shown below but not transactional, initial fees or commissions paid (where applicable). You will be invited to continue the ongoing service arrangement by providing your written consent to do so but will have the opportunity to discontinue it as well. If you do not provide your written consent within 150 days of 1 July each year the ongoing services provided to you and the fees charged for them will cease.

## 6. Remuneration and other Benefits

The remuneration discussed in this FSG is exclusive of applicable goods and services tax (GST). If TMS makes a supply to you which attracts GST, you must pay us an amount equivalent to any GST applicable to that supply.

In addition to charging you a fee for providing the services under this FSG, TMS may respectively receive commissions and other benefits from product issuers such as life insurers, under the law and may make payments to other entities.

### 6.1 Financial Planning Services Charges

TMS will disclose to you in a Statement of Advice (SoA) any remuneration and other benefits TMS will receive, as agreed with you, based on the financial planning services you require from us. If the exact amount is not known at the time you receive the SoA, the SoA will set out the manner in which the remuneration (including commission) and other benefits is to be calculated. More details about the SoA are contained in section 4.

TMS has a range of fees, which can be charged in the following manner and are often negotiated between you and your adviser.

- Fee based on a percentage of assets under advice;
- Hourly rate; and
- Flat dollar arrangement.

Listed below are indicative fees that may be charged for the following services to which GST must be added:

#### Initial Financial Plan

- Fees charged on an hourly basis can range from \$150 to \$500 per hour
- Fees charged on a flat dollar arrangement are typically \$200 to \$10,000

#### Ongoing Review

- Fees charged on a percentage of assets under advice can range from 0.25% to 1.5% of the portfolio value
- Fees charged on an hourly basis can range from \$150 to \$ 500 per hour
- Fees charged on a flat dollar arrangement can range from \$200 to \$10,000

**Example – where the portfolio value is \$100,000 and the fee percentage is 1% pa then the fee is \$1,000 pa**

#### Transactions - Managed Funds

- Fees charged on a percentage basis can range from 0% to 5% of funds invested

- Fees charged on an hourly basis can range from \$150 to \$500 per hour
- Fees charged on a flat dollar arrangement can range from \$200 to \$10,000
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**Example – where the portfolio value is \$100,000 and the fee percentage is 1% then the fee is \$1,000**

### Transactions - Direct Equities

- Fees charged on a percentage basis can range from 1% to 1.75% of funds invested with a minimum of \$80.
- Fees charged on an hourly basis can range from \$150 to \$500 per hour
- Fees charged on a flat dollar arrangement can range from \$200 to \$10,000

**Example – where a trade has a value of \$20,000 and the brokerage percentage is 1% then the fee is \$200**

### Portfolio Administration Services

- Transaction, income and expenditure reporting.
- Portfolio Valuation
- Asset class summaries
- Capital gains tax reporting
- Statement of income and expenses
- Cash summaries
- Investment income and franking reports
- Self managed superannuation fund reporting

Fees may be charged on the standard rates as disclosed in section 5.2 for 'Standard Charges for Australian Equities' and, 'Standard Charges for International Equities' but may be negotiated on a case by case basis with your financial planner.

### Advice on other Financial Products

- Fees charged on an hourly basis can range from \$150 to \$500 per hour
- Fees charged on a flat dollar arrangement can range from \$200 to \$10,000

The above rates may vary depending on the magnitude and complexity of the transaction or advice and on whether you receive ongoing review conducted by us.

## 6.2 Securities Trading Fees & Charges

You will be charged a brokerage fee for each buy and sell transaction executed on your behalf. We will tell you the fee (based on current market price at the time an order is placed) and obtain your verbal agreement to it each time we trade and the actual fee will be confirmed in writing in the contract note confirmation upon completing each transaction. This will show the total brokerage charged and applicable Government duties. You will also be asked to agree to the level of brokerage and the method of informing you of charges in any SoA provided to you that covers this service.

The rates below are indicative only, and are negotiable depending on a number of factors including the amount of your investment spending, the frequency of trading and the level of service required.

Brokerage may be charged at a rate of up to 1.75% plus GST per transaction subject to a minimum charge of \$100 plus GST.

**Example – where a trade has a value of \$20,000 and the brokerage percentage is 1% then the fee is \$200**

All equity trading must be settled within T+1 (trade date plus one business day).

The following fees may be imposed against those trades that fail to settle on the designated date:

- an administration service fee which is based on the outstanding amount multiplied by the ANZ Bank Reference Rate plus 2% on Buys where payment has not been received;
- a fail fee, typically \$100.00 per day (which may include the cost of a 12A request) on Sells where security references have not been provided or have been rejected due to your error.

Settlement deadlines are clearly specified on all transaction confirmations.

TMS uses Canaccord Securities Ltd and E trade to execute and clear trades – their costs are contained within the fees and brokerage charged by TMS.

## 6.3 Best Interest

TMS and its advisors have an obligation to provide advice that is in your best interests and not to be influenced by other considerations such as personal remuneration. TMS and its advisors are committed to providing advice to you that meets your objectives, is consistent with your risk profile and appropriate to your personal circumstances. We intend to work with you now and on an on-going basis in this way and we will explain to you exactly what fees and how they are paid to TMS and how its advisors are remunerated. Where TMS has a product (such as Evolve/Adam Smith) which enables TMS to receive fees other than for advice, such as investment management and administration fees, we will provide you with an alternative to consider where TMS does not receive fees other than for advice to assist you in making an informed choice and to ensure that TMS provides you with options that are clearly in your best interests.

## 6.4 Accolade - Portfolio Administration Services

Generally, there will be no establishment fee for using our Portfolio Administration Services, but where the portfolio is complex and requires a significant amount of reconstruction, there may be a need to charge an establishment fee.

The ongoing fees for the Portfolio Administration Service may range between 0.3% plus GST per annum to 1.75% plus GST per annum depending on the size of the portfolio. Accolade is a service provided through Canaccord Securities Ltd and fees charged by Canaccord are incorporated in the fees charged by TMS and are explained further in Canaccord's Product Disclosure Statement. Example - **where the portfolio value is \$100,000 and the fee percentage is 1% pa then the fee is \$1,000 pa**

This fee is paid to us out of your account with Accolade but it is not a commission (Accolade is not a product issuer but an administration service) rather a fee agreed to by yourself and TMS for the services to be provided as outlined below. You will be asked to agree to this fee in writing in any SoA provided to you covering the provision of this service. Each year, after the 1st July, you will be provided with a Statement of on-going fees paid, services paid for and the services actually received by you during the financial year to the previous 30 June and you will be invited to continue the on-going management service but will have the opportunity to discontinue it as well.

### Termination Fees

ON ONE MONTH'S NOTICE by either party, and where the Agreement has exceeded one year, Termination Fees will be calculated in accordance with the on-going Administration and Licensing Fee.

EARLY TERMINATION/EXIT FEE Where the Agreement has been terminated before one year, an Exit Fee of up to 6 months portfolio fee may be charged. Example – where the annual fee is \$1,000 pa. on exit the fee would be \$500.

Goods and Services Tax (GST) is charged in addition to the above fees.

## 6.5 Evolve Managed Accounts

Evolve Managed Accounts is a Separately Managed Account ("SMA") product issued by Linear Asset Management Ltd ("Linear") AFSL 304542. Linear is the Responsible Entity and issuer of the product while TMS is the distributor of the SMA and the portfolio manager of a number of the investment portfolios available in the SMA. Adam Smith Asset Management manages the Adam Smith Small Companies Fund which is available to TMS clients through Evolve Managed Accounts.

The ongoing fees for the Evolve Managed Accounts may range between 0.3% plus GST per annum to 1.75% plus GST per annum depending on the size of the portfolio. Fees charged by Linear are incorporated in the fees charged by TMS and are explained further in PDS dated 12<sup>th</sup> August 2014. Example - **where the portfolio value is \$100,000 and the fee percentage is 1% pa then the fee is \$1,000 pa** plus \$100 GST.

This fee is paid to TMS but it is not a commission. You will be asked to agree to this fee in writing in any SoA provided to you covering the provision of this service. Each year, after the 1st July, you will be provided with a Statement of on-going fees paid, services paid for and the services actually received by you during the financial year to the previous 30 June and you will be invited to continue the on-going management service but will have the opportunity to discontinue it as well.

More information is available in the Product Disclosure Statement dated 12<sup>th</sup> August 2014.

## 6.6 Commission, Remuneration and other Benefits received by TMS

TMS is remunerated by the fees and brokerage it charges you for the services provided under this FSG. TMS may also receive the following other fees:

### *Underwriting and Placement of securities by Canaccord or other institution / broker*

TMS may receive a fee for arranging the placement of stock via a broker or issue of new stock via an initial public offering. This fee may be between 0.5% - 2% plus GST. **Example – where the portfolio value is \$100,000 and the fee percentage is 0.5% then the fee is \$500**

### Remuneration structure prior to 1st July 2013

The remuneration structure applicable to clients prior to 1st July 2013 may have included the payment of commissions to TMS from product issuers, such as platform providers. Those commissions may no longer be paid to TMS with the exception of life insurance commissions outside superannuation which may still be paid to licensees with clear consent from clients.

### *How your adviser is remunerated*

Your adviser may be an employee, contractor or director of TMS being paid a salary or contract fee by TMS. They may also receive bonuses, spits, dividends and other benefits from TMS. Bonus can be paid up to an amount of 55% of fees levied.

## 6.7 Payment to Third Party Referrers

### *Payments to third party referrers*

Where you have been referred to TMS by a third party, TMS may pay an introductory fee or commission rebate in relation to the referral. The referral fee or commission varies depending on the particular circumstance about may be up to 60% of the amount over and above the minimum brokerage fee.

## 7. How you may give instructions

You may specify how you would like to give instructions (for example: by telephone, fax, email or through a third party etc).

If you wish to give instructions via a third party, you must complete the Third Party Authorisation Form contained in the Client Services Agreement or on a separate document. You can obtain a Client Services Agreement or the Third Party Authorisation form from TMS.

### 8. To obtain Personal Advice

If you seek advice as to whether a particular security or investment or class of securities or investments is suitable for you (personal advice), your adviser must give consideration to your objectives, financial situation and needs. To give you personal advice, you will be requested to provide information for inclusion in your personal profile. A copy of this profile will be maintained. You should inform your adviser of any changes to this information. All information maintained will be kept strictly confidential.

You have the right not to divulge some or all of this information, but should you not provide this information, you will receive limited recommendations specific to your requirements. Any advice you receive may have limitations in terms of the appropriateness of the recommendation and you will need to consider whether or not the recommendation is appropriate in light of your particular investment needs, objectives and financial circumstances. You should consider these warnings carefully.

This process, however, does not apply in relation to "general advice" (eg research reports, newsletters, or it may be verbal), which is prepared without consideration of your objectives, financial situation and needs.

### 9. When investing in securities

#### Securities

Securities, in common with all other assets classes (eg. real property, can decline in value as well as appreciate. The measure of this relative change in value is often referred to as volatility. Securities are generally more volatile than other asset classes.

In general, the risks of investing in securities can be categorised in the following manner.

NOTE: This list is not exhaustive - it is not feasible to list all the possible risks in each category.

#### Overall Market Risks

The risk of loss by reason of movements in the market may be caused by any number of factors including political, economic, taxation or legislative factors. Specific examples are changes in interest rates, changes of government, changes in taxation or superannuation laws, international crisis or natural disasters.

Debt securities may fall materially in value if interest rates increase.

Securities issued by companies may change in price or at worse become of no value if the company encounters solvency difficulties.

International securities may be affected by foreign exchange movements, taxation factors where these differ from investing in the Australian equities and political and regulatory risks in overseas markets.

#### Sector specific factors

These would include but not limited to demand for the type of product or service the company produces or provides, commodity prices, the economic cycle of industry, shifts in consumer demands, lifestyle changes and advances in technology.

#### Stock specific factors

These would include but not limited to issues relating to the company's directors, the quality of the company's management and the significance of any key personnel, its profit history, the company's tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts and competition from within the sector. Mining companies and start up enterprises, including technology and biotechnology companies are affected by the success or otherwise of their exploration or product development programs.

The risks set out above are general risks associated with investing in equity securities. At the time of making a recommendation, any significant risks associated with the particular investment will be explained to you. If not, you should ask your adviser to explain those risks to you.

Given the inherent risks, TMS does not guarantee, underwrite or otherwise imply that investments you make will provide you with a positive return.

### 10. Use of information

TMS may use personal information collected from you to provide the services that you request. TMS may also disclose the information collected from you to third parties such as mailing houses or others who provide services to them or on their behalf. TMS will not disclose your information to any other person except where that disclosure is authorised or permitted by the Australian Privacy Principles or by law. TMS's Privacy Policy addresses the handling of your information and is available from our website or on request from your adviser.

TMS takes all reasonable steps to ensure that information we have collected from you is secure. All stored personal information is protected from unauthorised access by user login requirements, passwords or other security procedures. You are able to access and update the personal

information TMS holds about you. Please contact your adviser to do so. If you have any questions about privacy, please contact our Privacy Officer by writing to:

Privacy Officer  
TMS Capital Ltd  
PO Box 1149  
Manly NSW 1655

### 11. How do you make a complaint?

Should you be of the opinion that the service you receive is not at an acceptable level, you have the right to complain and this complaint will be dealt with as promptly as possible. TMS will aim to resolve any complaint quickly and fairly.

TMS are dedicated to providing quality service and meeting the changing needs of clients through commitment, flexibility and personal integrity. TMS maintain the highest standard of professional skill and utilises a broad spectrum of knowledge and experience to assist clients achieve their personal or business objectives in a structured and timely manner. As part of the service commitment to clients, it is important to provide an efficient and accessible system for resolving complaints.

If you have a complaint, you should take the following steps:

- Contact the adviser you have been dealing with.
- However, if you do not feel comfortable about contacting your adviser or if the complaint is not satisfactorily resolved, contact TMS Capital Compliance Manager on (02) 9976 5911 or put your complaint in writing marked to the attention of the Compliance Manager and send it to Po BOX 1149 Manly NSW 1655.

You should enclose as much detail as possible about your complaint including the names of any employee of TMS involved. In addition, any relevant background documentation should be provided. Your complaint will be acknowledged upon receipt and, following a thorough investigation, a written response will be forwarded to you within 30 days.

Your complaint will be resolved as quickly and fairly as possible. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority or AFCA. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

In writing to: Australian Financial Complaints Authority, GPO Box 3, MELBOURNE VIC 3001  
Toll free: 1 800 931 678 (free call)  
Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)

TMS Capital is a member of AFCA.

1. In addition, you have the right to complain to the ASX if you are still not satisfied. The ASX has offices in all capital cities.

The Australian Securities & Investments Commission ("ASIC") also has a free call information line (1300 300 630) that you may use to make a complaint and obtain information about your rights.

### 12. Compensation Arrangements

TMS has arranged for Professional Indemnity insurance cover which is adequate taking into account the following:

- TMSs highest liability due to its membership of the Australian Financial Complaints Authority;
- volume and nature of TMS's business;
- number and kind of its clients;
- the number of Australian Financial Services Licences it holds; and
- the number of representatives and Authorised Representatives it has.

If you require further information about our compensation arrangements please contact our Compliance Manager.