



FORTNUMTM
FINANCIAL ADVISERS

COMBINED FINANCIAL SERVICES AND CREDIT GUIDE



Combined Financial Services Guide and Credit Guide

A guide to the services we provide and how we will work with you

RI Advice Group Pty Ltd

ABN 23 001 774 125

Australian Financial Services Licence 238429

Australian Credit Licence 238429

Contact Address: Level 8, 10 Barrack Street, SYDNEY NSW 2000

Registered Office: Level 13, 347 Kent Street, SYDNEY NSW 2000

Phone (02) 9262 1111

This combined Financial Services Guide and Credit Guide is only complete when the Adviser / Practice Profile is provided.

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Welcome to RI Advice Group

This guide and the Adviser / Practice Profile provide you with important information about RI Advice Group Pty Ltd ("RI Advice Group" or "RI") and its Authorised Representatives and Credit Representatives who may provide you with the services described in this guide.

The information in this guide is not complete without the Adviser / Practice Profile which provides information on your adviser's skills and qualifications, their fees structures, and the financial and credit services they are authorised to provide on behalf of RI.

It's important that you take the time to read the information provided so that you can make an informed decision about whether to use the services offered by us. If you need any clarification on what you have read, please don't hesitate to contact us. We are committed to having open and honest communication with you at all times as this is the foundation for good advice and an ongoing relationship.

This guide covers:

- Who we are
- The type of financial advice and other financial services we can provide
- How we are paid
- Details of our relationship with other institutions and any potential influences
- What you need to do if you have a complaint
- How we protect your personal information

References in this guide to:

- "We", "our" and "us" means RI Advice Group (or RI) or your financial adviser.
- "Advice document" means Statement of Advice ("SoA") or Record of Advice ("RoA").

Your adviser, as an Authorised Representative and/or Credit Representative of RI is authorised by RI to distribute this guide and the Adviser / Practice Profile to you

Who are Fortnum Financial Advisers Pty Ltd?

Fortnum Financial Advisers Pty Ltd ("Fortnum Financial Advisers" or "Fortnum") is a Group representing a number of like-minded advisers united in a "client-first" approach, and in which all Principal Practices have a financial stake.

Our name comes from a combination of two words – fortress and numbers. This represents our duty to you, the client, – our strength in numbers, our commitment to building your financial future, our dedication to protecting your financial security.

We represent a new approach to financial advice, delivering the highest quality financial advice based on integrity, innovation and a commitment to building your financial future.

Fortnum Financial Advisers is owned 60% by the Principal Practices and 20% by Fortnum staff. This means all Practices have "skin in the game" - a vested interest in protecting the Fortnum name, our values and your financial future.

The other 20% is owned by Financial Investment Network Group Pty Ltd, a wholly owned subsidiary of OnePath Australia Limited (OnePath Australia). Fortnum advisers and Principal Practices will be authorised representatives of RI Advice Group Pty Ltd – a wholly owned subsidiary of OnePath Australia.



How does RI Advice Group maintain adviser standards?

Our advisers are required to undertake continuous professional development and we host regular training programs to keep advisers up to date with legislative changes to the taxation, social security, superannuation and investment environments. Our philosophy is one of continually raising the bar.

Our advisers have direct access to in-house technical, risk and investment research professionals who can provide additional analysis on strategy and products to provide quality advice to you.

Risk management specialists monitor and regularly audit our advisers to maintain high quality advice standards.

Who is responsible for the advice I'm given?

Your adviser is an Authorised Representative and/or Credit Representative of RI Advice Group. RI Advice Group is responsible for any financial service and / or credit related service your adviser provides on its behalf. Please refer to the Adviser / Practice Profile document provided with this guide for specific information about your adviser.

What is RI Advice Group licensed to advise on?

Australian Financial Services Licence

To help to implement your financial strategy, RI Advice Group is licensed to provide financial product advice and deal in the following products:

- deposit and payment products
- derivatives
- life investment or life risk products
- interests in managed investment schemes, including investor directed portfolio services (IDPS or 'Wrap')
- interests in managed investment schemes limited to MDA services
- retirement savings accounts
- securities
- standard margin lending facility
- superannuation.

A wide range of financial products from various product providers are available and are thoroughly researched by qualified research professionals. Our advisers are only authorised to advise on products which are approved for use. Your adviser will only recommend a product to implement your strategy after considering its suitability in relation to your individual objectives, financial situation and needs.

Please note that we do allow your adviser to use some products issued by the Australia and New Zealand Banking Group Limited and its subsidiaries ("ANZ Banking Group"), including OnePath Australia Limited ("OnePath Australia"). RI Advice Group does not require its Authorised Representatives to only recommend ANZ Banking Group products. Please refer to the section titled 'RI Advice Group's associations and relationships' for further details on RI's ownership structure and relationship with other entities.

Australian Credit Licence

RI Advice Group is licensed to engage in credit activities other than as a credit provider in relation to:

- credit contracts such as credit cards, home loans and investment loans, personal loans, car leases and reverse mortgages
- consumer leases.



Where appropriate we will only recommend that you apply for, make an increase to or remain in a credit and / or lease contract with a particular provider if we assess that the credit /lease contract is suitable to help you address your stated needs and objectives.

We may provide credit services in relation to credit / lease contracts with a range of credit / lease providers. The 6 credit / lease providers which RI conducts the most business are:

- ANZ Banking Group (and its subsidiaries)
- Commonwealth Bank (and its subsidiaries)
- Westpac Bank (and its subsidiaries)
- St George Bank (and its subsidiaries)
- National Australia Bank (and its subsidiaries)
- ING Bank

RI may also use the services of Australian Financial Group (AFG), an aggregation service, to provide access to a wide range of credit products through a large range of credit providers, in addition to the credit providers listed above.

If your adviser is not a Credit Representative of RI, any credit services they provide are not provided as a representative of RI. Further, RI is not responsible for the provision of those credit services. Please refer to the Adviser / Practice Profile for further information.

What financial advice and/or services can your adviser provide?

RI Advice Group can provide you with a broad range of advice to help you create, grow and protect your wealth. The type of advice you will receive depends on your financial situation, needs and objectives. Strategies may include:

- Investment strategies including gearing and savings plans
- Budget and cash flow planning
- Debt management
- Superannuation advice, including salary sacrifice and consolidation strategies
- Personal insurance strategies
- Centrelink / DVA advice
- Retirement planning advice
- Estate planning advice
- Advice on ownership and structures eg. discretionary and family trusts, Self Managed super
- Portfolio review services
- Referrals to specialists eg. accountants, solicitors.

Any additional services on offer or limitations to the list above will be outlined in the Adviser / Practice Profile.

What is RI Advice Group's advice process?

RI Advice Group has a comprehensive advice process in place to ensure that the advice provided is suited to your needs and financial circumstances.

In summary:

1. Our first meeting with you

It's all about you at this appointment. We will discuss your expectations, help you to identify your financial goals and provide you with details of the services that we can offer. During this meeting or at a follow-up meeting, we may also gather all the information about your financial situation, needs and objectives and your risk profile and ascertain what the scope of the advice to be provided will be. Your consent and agreement on the scope of the advice will be documented via a Letter of Engagement.



Where credit specific recommendations are made, we will initially provide a quotation for the credit assistance.

If you do not wish to provide the information we require to formulate our recommendations, we will advise you about the possible consequences of not having disclosed your full personal information and the impact on the recommendations given. You should consider these implications carefully.

2. Developing strategies and providing you with advice documents

Initial advice

Your adviser will formulate a strategy to help achieve your needs and objectives and will put together any personal advice in a Statement of Advice ("SoA"). An SoA sets out the scope of the advice, your current personal and financial position, the basis for the advice and how it addresses your needs and objectives. It will also disclose the fees and charges payable by you and the remuneration and other benefits we may receive. The SoA will also make reference to any potential conflicts of interest that you need to be aware of when deciding whether to rely on the advice.

Your adviser will explain any risks associated with implementing the recommendations. Please ask your adviser to clarify any risks you do not understand.

Where credit specific recommendations are made, we generally conduct a preliminary assessment to find out if the product is suitable for you. We will then provide you with an Advice Document which will detail how the recommended credit product and strategy is suitable in addressing your credit needs. You may request, free of charge, a copy of the suitability assessment from us within seven years of the date of the quotation for credit assistance. If the request is made within 2 years of the date of the quote, we will provide you with a copy of the suitability assessment, free of charge, within 7 business days. If a request is made later than 2 years from the date of the quote, we will provide you with a copy of the suitability assessment, free of charge, within 21 business days.

Further advice

Where a further review is conducted and personal advice is provided, the advice may be provided via a SoA or a Record of Advice ("RoA"). Further advice may be in the form of an RoA where the further advice does not significantly differ from the original advice provided. Where advice is provided via a RoA, and if you have not already been provided with a copy of the RoA, then you may, for a period of seven years from when the further advice was first provided to you, request a copy of the RoA. This can be done by contacting your adviser in writing, by email or telephone.

Product Disclosure Statement

If we recommend a product as part of your financial strategy, your adviser will provide you with the relevant Product Disclosure Statement ("PDS"). The purpose of a PDS is to assist you in making a decision about the particular financial product. It contains information about the product's key features, benefits, risks and fees.

3. Gaining your consent to go ahead

We will discuss our recommendations with you, make any changes you require and gain your agreement to implement those recommendations. We will then implement those recommendations.

4. Keeping you on track

To ensure that the advice we provide you with continues to meet your financial situation, needs and objectives we offer an Ongoing Review Service, which provides regular reviews and written reports on the valuation and status of your investment portfolio.



If you wish to take up this service please contact your adviser so they can provide more information and outline their fees.

How can I make changes without being provided with advice?

At times you may wish to make changes without receiving advice. In these cases, we can take your instructions by telephone, fax, email or in person at the RI Advice Group office you are dealing with and arrange for the transaction to be completed, without providing personal advice.

If you wish to proceed without advice from us, we will ask you to confirm your instructions in writing. Once implemented, we will provide you with a Statement of Transaction ("SoT") letter which confirms your instructions, informs you that no advice has been provided, and discloses any fees and charges payable by you and any benefits we may receive.

What will I be charged for the advice provided to me?

The remuneration and other benefits listed below and in the accompanying Adviser / Practice Profile generally cover what RI Advice Group, its advisers and associates may receive as a result of the financial services provided to you. Specific amounts and benefits can only be calculated once the recommendations are made to you.

There are various ways that you may pay RI Advice Group for the services we provide to you, including:

- fee for service: where you pay a fee for the services that we provide
- commission (paid by product and service providers) in the form of initial (up-front) and / or ongoing (trail) commission
- a combination of both.

Each of these is discussed in further detail below.

Fee for service

Fees for service payments may be payable for:

- Initial advice: We may charge fees for the preparation, presentation and implementation of our advice to you. These fees will be based on your individual circumstances, the complexity involved in your situation and the time it takes to prepare personal financial advice for you. We will discuss these fees with you and gain your agreement on the fees before we provide you with advice. The fee will also be disclosed to you in your Advice Document.
- Ongoing adviser services: We may charge a fee for the services provided on an ongoing basis commencing from the implementation of the recommendations contained in the Advice Document. The amount and the services included will be determined in consultation with your adviser.
- Ongoing review and advice services: We may charge a fee to provide ongoing portfolio reviews including further advice suitable to your needs. This fee will be determined in consultation with your adviser.

In all instances, your adviser will discuss the precise calculation of the fees when you meet and agree on the services to be provided. Fees charged are generally payable after the services have been provided, however, ongoing adviser service fees are paid in advance. The agreed fees will be set out in the Advice Document.

How are fees for services calculated and paid?

Fees charged for our services may be:

- a dollar amount
- a percentage of the amount invested



- an hourly rate as set out in the Adviser / Practice profile, or
- a combination of some or all of the above.

Payment of fees for services

We will discuss and agree the method of payment with you before we provide you with our services. Generally, we will either invoice you directly, or deduct from your investments, or adopt a combination of these methods for the fees payable. Cash transactions will not be accepted.

Commissions

RI Advice Group may receive payments in the form of initial commissions and/or ongoing commissions from the financial product providers for any product you choose to use that is recommended by us. These commissions are included in the fees and / or premiums you pay for the product. You do not pay these fees to us directly. We may, after negotiation with you, agree to rebate some or all of these.

How are commissions (initial and ongoing) from a product and service provider calculated and deducted?

Initial commission from a product and service provider is typically:

- Investment products: between 0% and 5.12% (including GST) of the amount invested, with the exception of some agribusiness products where it may be up to 11% (including GST).
- Life insurance products: up to 125% of the premium that you pay.
- Credit card contracts: No commission is received by RI Advice Group or its credit representatives when you enter into a credit card contract.
- Home loan contracts: RI Advice Group will receive 95% of the administration fee for any home loan established through the AFG aggregation service. RI Advice Group may then pay a proportion of this to the Fortnum practice as per the table shown on page 9, with any balance being paid to Fortnum Financial Advisers.

Example

If you invested \$10,000 in an investment product recommended to you and the applicable initial commission is 2%, then RI Advice Group will receive initial commission of \$200 (ie. \$10,000 x 2%). RI Advice Group may then pass on anywhere up to the full amount, \$200 in this example, to its adviser.

Some product and service providers also pay RI Advice Group ongoing commission out of their revenue for the period of time you hold the product as follows:

- Investment products: between 0% and 1.1% (including GST) of the value of your investment, with the exception of some agribusiness products where it may be up to 2% (including GST).
- Life Insurance products: up to 35% of the premium.
- Credit card contract: no ongoing commission is received by RI Advice Group or its credit representatives during the term of your credit card contract.
- Home loan contracts: RI Advice Group will receive 95% of the ongoing administration fee for any home loan established through the AFG aggregation service. RI Advice Group may then pay a proportion of this to the Fortnum practice as per the table shown on page 9, with any balance being paid to Fortnum Financial Advisers.

Example

If you invested \$10,000 in an investment product recommended to you and the applicable ongoing commission is 0.4% pa, then, RI Advice Group would receive 0.4% pa x \$10,000 (\$40pa). The ongoing commission payable is dependent on the portfolio value. RI Advice Group may then pass the full amount onto its adviser, in this example, \$40.



All remuneration percentage rates paid from the product and service provider are dependent upon the specific products you hold, and are inclusive of GST where applicable. Specific details of the initial and ongoing commission paid from the product and service provider will be fully disclosed in your Advice Document.

What fees for services and remuneration from product and service providers does RI Advice Group pay Fortnum Financial Advisers and its members?

All our fees for services paid by you and/or remuneration paid by product and service providers are paid to RI Advice Group. RI Advice Group retains up to 5% of all fees for services paid by customers and/or remuneration paid by product and service providers. RI Advice Group will then pay an amount to Fortnum member Practices, depending on the gross revenue generated by the Practice over the previous 12 months, as per the table below. The balance is then paid to Fortnum Financial Advisers Pty Ltd.

The member Practices may then pay a proportion of this to the advisers in their Practice. Your Statement of Advice will provide further details of amounts paid to RI Advice Group, Fortnum Financial Advisers, the Practice and your adviser.

Gross Annual Revenue of business is between (\$)	Proportion paid from Fee for Service by customers and Remuneration paid by product and service providers to the Practice (%)
0 – 400,000	85
400,001 – 1,000,000	90
1,000,001 – 4,000,000	95
Over 4,000,000	100

How is my adviser remunerated?

Please refer to the Adviser / Practice Profile for details on how your adviser is remunerated. You should have a clear understanding of how your adviser is paid before you act on any recommendations.

Referral

If you have been referred to RI Advice Group and / or Fortnum Financial Advisers by another party we may pay them a fee or reward.

A referral fee and / or commission may also be payable by RI Advice Group to a third party for the introduction of credit business. The third parties to whom referral fees may be paid include advisers within the Group who are not credit representatives, accountants, legal professionals, general insurance agents, real estate agents and other professional referral sources.

A reasonable estimate of the referral fee and / or commission payable to the third party and how it is calculated will be disclosed in the Advice Document.

The referral payment will be paid from the remuneration received by us and will not be an additional cost to you.

Other Benefits

RI Advice Group, Fortnum Financial Advisers and/or their advisers may be entitled to other benefits when providing services to you.

RI Advice Group, Fortnum Financial Advisers and our advisers keep alternative



remuneration registers, which lists any benefits with a value greater than \$300. If you would like a copy of the register, please ask your adviser and a copy will be made available to you within 7 days.

1. Product provider partnership payments

RI Advice Group receives partnership payments from product and service providers of up to 0.40% (inclusive of GST) per annum of amounts invested with the relevant providers. Of the amount received, RI Advice Group retains 10%. Of the remaining 90%, the Practice receives 60% and the balance is paid to Fortnum Financial Advisers.

As at 1 April 2011, RI Advice Group receives partnership payments from the following product and service providers: OnePath, Colonial First State, Perpetual, Aviva, AXA and IOOF.

For example, if the total revenue generated from investing with a particular provider is \$100,000, RI Advice Group retains \$10,000 (ie. $\$100,000 \times 10\%$), the Practice receives \$54,000 (ie. $[\$100,000 - \$10,000] \times 60\%$) and Fortnum receives the balance of \$36,000 (ie. $\$100,000 - \$10,000 - \$54,000$).

The exception to the above arrangement is for funds invested in the Fortnum Advice Wrap. In this instance, 100% of the revenue generated is paid to Fortnum Advice Platform Trust ("Trust"), which is a trust set up specifically to receive this payment. Of this amount, the Trust pays 20% to OnePath Australia, 60% to the Fortnum Practice and the balance of 20% is paid to Fortnum staff.

For example, if \$100,000 revenue is generated from investing with Fortnum Advice Wrap, the Trust pays OnePath Australia \$20,000 (ie. $\$100,000 \times 20\%$), the Fortnum Practice receives \$60,000 (ie. $\$100,000 \times 60\%$) and the balance of \$20,000 (ie. $\$100,000 - \$20,000 - \$60,000$) is paid to Fortnum staff.

2. Product and service provider sponsorship payments

RI Advice Group and Fortnum Financial Advisers may receive sponsorship payments from product and service providers.

Your adviser does not receive any of these payments. RI Advice Group may use these payments to pay for the cost of conferences, training or professional development for our advisers. The product/service provider receives a range of benefits including being recognised as a sponsor, attendance at conferences and the right to give presentations to our advisers.

As at 1 April 2011, the following product and service providers make sponsorships to Fortnum Financial Advisers: OnePath, Asteron, Hunter Hall Investment Management Limited, CommInsure, BT Financial Group, Perpetual, Aviva Investors, AMP, Zurich, MLC, Macquarie, Colonial First State, Charter Hall Direct Property, Equity Trustees, Ironbark Asset Management, Magellan Asset Management Limited, Fidelity International and Schroders.

3. Volume bonuses (credit)

RI Advice Group, Fortnum Financial Advisers and our advisers do not receive any volume bonus payments for credit business placed with particular credit providers.

Professional Indemnity Insurance

RI Advice Group is covered by professional indemnity insurance satisfying the requirements under the Corporations Act and National Consumer Credit Protection Act for compensation arrangements.

Our insurance arrangements cover claims made against us as the licensee and for the conduct of our advisers whilst acting as our Authorised Representatives and Credit Representatives. In addition, the PI Insurance policy covers claims in relation



to the conduct of representatives and employees (during their tenure as authorised representatives of RI) even if they are no longer a representative under our license (subject to the usual terms of the policy in relation to providing indemnity).

How we protect your personal information

We keep a record of your personal information over time, including details of your investment objectives, financial situation and needs, as well as records of any discussions of significance we may have had with you, and recommendations made.

RI Advice Group and Fortnum Financial Advisers are committed to ensuring the confidentiality and security of your personal information. Our privacy policy details how we manage personal information and is available on request by contacting your local Fortnum Financial Adviser's office, calling RI Advice Group on 1800 684 653, or visiting our website at www.fortnum.com.au, www.riadvice.com.au or www.retireinvest.com.au

What to do if you have a complaint

If you are unhappy about the advice or service provided by your adviser or RI Advice Group, please put your concerns in writing to:

Client Liaison Manager

RI Advice Group
GPO Box 3504
Sydney NSW 2001

We will investigate your complaint and respond to your concerns as quickly as possible and within 45 days.

If we have not responded to your complaint within 45 days or if you feel it has not been resolved to your satisfaction, you may refer your concerns to the Financial Ombudsman Service (FOS), which provides an accessible, fair and independent dispute resolution service.

You can contact FOS at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

online at www.fos.org.au;
by email at info@fos.org.au; or
by calling 1300 780 808.

What arrangements may influence the products we recommend to you?

e-Clipse UMA

Fortnum Private Wealth Pty Ltd, trading as Innova Investment Services is an associated entity of Fortnum Financial Advisers Pty Ltd and holds a Managed Discretionary Account ("MDA") operators licence for the e-Clipse Unified Managed Account ("UMA"). Financial Investment Network Group Pty Ltd, a wholly-owned subsidiary of OnePath Australia Limited, owns 20% of Fortnum Private Wealth Pty Ltd.

Financial Investment Network Group Pty Ltd and a Fortnum Adviser (if they are a shareholder of a principal practice) may receive dividends from Fortnum Private Wealth Pty Ltd, Fortnum Financial Advisers Pty Ltd and Fortnum Advice Platform Trust if dividends are being paid out by those entities. No adviser is a shareholder of any of the entities set out in this disclosure although some advisers have shareholdings in the principal practices and those principal practices may and do currently hold shares in the entities set out in this disclosure.

ANZ Group products

As previously stated, our extensive recommended product list does include products manufactured by the ANZ Group and where appropriate, we do recommend these financial products.

We believe that your interests should be placed first and that products should only be recommended on this basis.

Relationships and associations

RI Advice Group is owned by OnePath Australia Ltd (OnePath) (ABN 60 000 000 779).

OnePath is one of Australia's leading providers of wealth, insurance and advice solutions and has been helping Australians grow and protect their wealth for over 130 years, previously as Mercantile Mutual and more recently as ING Australia.

OnePath is a wholly owned subsidiary of Australia and New Zealand Banking Group Limited (ANZ) (ABN 11 005 357 522) and operates as ANZ's Australian specialist wealth management and protection business.

RI Advice Group through the above relationship is a related company of each of the following product issuers and service providers: OnePath Funds Management Limited (ABN 21 003 002 800), OnePath Life Ltd (ABN 33 009 657 176) and OnePath Custodians Pty Ltd (ABN 12 008 508 496).



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Fortnum Financial Advisers Pty Ltd ABN 75 139 889 688
3/36 Bydown Street, Neutral Bay NSW 2089
P.O. Box 1899, Neutral Bay NSW 2089