



Financial Services and Credit Guide

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Welcome

Pathway Enterprises Group Pty Ltd is a privately owned specialised financial advisory firm providing strategic, tailored solutions for the unique objectives, timelines and financial circumstances of our clients.

As a client of Pathway Enterprises we will work with you to develop, implement and maintain a comprehensive financial strategy to meet your personal and business objectives. This will assist you and your family in preserving and growing your wealth, protecting against risks and reaching your chosen goals and objectives.

This guide contains important information about:

- The licensee of your Adviser,
- the services your Adviser offers you
- how we and our associates are paid
- any potential conflict of interest we may have
- how we handle your personal information
- our internal and external dispute resolution procedures and how you can access them

About this document

The Australian Securities and Investments Commission (ASIC) is the government regulator for the finance industry. By law, entities who hold an Australian Financial Services Licence or an Australian Credit Licence are required to produce a Guide to those services (Financial Services / Credit Guide) when providing advice. The Advice Exchange Pty Ltd (ABN 55 107 629 194) (The Advice Exchange) takes its legal and compliance obligations seriously by ensuring that clients understand their role and rights when receiving financial or credit advice and has prepared this Financial Services / Credit Guide (FSG) and authorised its distribution.

Please take a moment to read this FSG which explains who we are and our relationship with you before we provide you with financial advice. If you have any questions after reading this brochure, please contact your Adviser (who is an Authorised Representative of The Advice Exchange) or the Principal Office of The Advice Exchange, info@adviceexchange.com.au.

The term Authorised Representative means a person whom The Advice Exchange has authorized to provide financial services (that is, provide advice and deal in financial products) on our behalf under our Australian Financial Services Licence. Throughout this document our Authorised Representatives are described as "Your Adviser" or "Advisers".

The Advice Exchange

Our Advisers offer you a comprehensive range of financial advice, from wealth creation to self managed superannuation to retirement planning. The Advice Exchange will tailor financial advice to achieve your specific, agreed financial goals. Starting with an analysis of your current financial position, we will utilise specialised financial research to develop and implement financial strategies, designed specifically to achieve your goals.

The Advice Exchange's Licence

The Advice Exchange holds the Australian Financial Services Licence and an Australian Credit Licence No. 278937.

The Advice Exchange is a wholly owned subsidiary of Advice Exchange Solutions Pty Ltd, which is owned by Advisers, directors and staff.

We are licensed to provide financial product advice and deal in the following financial products as well as a comprehensive range of credit products:

- Deposit and payment products
- Life Products
- Managed Investment Schemes, including investor directed portfolio services and MDA services
- Securities
- Superannuation
- Retirement Savings Accounts
- Standard Margin Lending

When our advisers provide assistance in the following areas, this activity is governed by our Australian Credit Licence No 278937:

- Home Loans (first & second mortgage)
- Credit Cards
- Other Personal Loans

The Advice Exchange is therefore responsible for financial and credit services we provide on behalf of The Advice Exchange. Our primary responsibility, and that of your Adviser, is to you.

All Authorised Representatives of The Advice Exchange are selected for their financial expertise, supported by ongoing professional development and technical and strategic training, to ensure we deliver a service that is appropriate to your needs.

Financial Planning Services

Your Adviser is authorised to provide the full range of services available under our licence. However, the type of services you receive will depend on your individual objectives, financial situation and needs. You can select from the wide range of financial services offered by The Advice Exchange:

Financial planning services:

- tax effective investments
- superannuation and rollover advice
- personal risk insurance
- business risk insurance
- business succession & transition planning
- Centrelink financial planning advice
- retirement planning advice
- pensions
- managed portfolio services
- portfolio review and ongoing service
- credit assistance

We only recommend products to you after considering their suitability for your individual objectives, financial situation and needs.

Our managed portfolio services refer to tailor-made investment strategies combining several different products. You may also arrange a series of regular advisory consultations to review and discuss your ongoing financial situation.

The Advice Exchange offers both personal and general advisory services. Before providing personal advice, your Adviser will want to ensure that the advice is appropriate to your needs. To do so, your Adviser will need accurate information from you about your current financial position and your financial goals and objectives. You have the right not to disclose this information, however if you decline to do so the advice provided may be based in incomplete or inaccurate information. In this case, or if general advice only is

provided, you should carefully consider the appropriateness of the advice having regard to your personal circumstances before acting on this advice.

Credit Services

Where appropriate, we will help you to choose a loan or lease which is suitable for your purposes. We have the ability to source finance from a panel of financiers, however at present we only provide finance arrangements for Colonial Geared Investments and Macquarie Bank credit products. Where these products do not meet your needs we will provide a referral to a suitable broker with access to a wide range of mortgage products for you to choose from.

In accordance with the National Credit Protection Act, your Adviser will not advise you to enter into a credit contract, or suggest you increase your existing credit limit, if the contract is unsuitable for you. A contract will be unsuitable if it is likely that:

- you will be unable to comply with your financial obligations under the contract, or could not comply without substantial hardship; or
- the contract will not meet your requirements or objectives.

Before entering into a contract or increasing your existing credit limit, your Adviser will make a preliminary assessment whether the contract will be suitable.

You can request a copy of your Adviser's preliminary assessment within seven years of entering into the contract. Your Adviser must give you a copy:

- before suggesting you enter into a credit contract or before the credit limit is increased, if a request is made before then;
- within 7 business days, if your request is made within 2 years of entering into the contract or credit limit increase;
- otherwise within 21 business days.

. We will not charge you a fee for providing the assessment.

The Advice Process

The Advice Exchange seeks to deliver professional advice in a very special way. We help you to pinpoint the things you want to do now and in the future. Quite simply, we put people first.

The advice process begins with an initial consultation. This involves getting an accurate picture of where you are now, identifying your goals and looking at broad strategies to help you reach those goals. Your adviser is required by law to record and verify details about your objectives, financial situation and needs. You are entitled to tell us as much or as little as you choose, however should you choose not to provide full disclosure we will be required to take the following actions:

- where the service relates to financial products, we will warn you about possible consequences of the advice limitations so that you can make up your own mind if you will proceed.
- where this service relates to credit products, we are unable to provide assistance.

After our initial consultation, you then will need to decide whether you wish to engage our services which may include advice, implementation or other services designed to meet your individual needs.

Any advice we provide will be presented in a Statement of Advice (SOA) in the first instance. Once you have a chance to review our recommendations, we may mutually decide to undertake some fine tuning to make sure you are absolutely comfortable with our advice. It is important for you to understand and accept the various risks inherent within the investments and strategies recommended before you proceed with implementation. You should be prepared to seek clarification from your adviser until such time that you understand any implications of the recommendations.

An important part of our service is managing the implementation process to ensure that your personal strategies are set-up and working.

The final stage of the process is to ensure your strategies continue to meet your changing needs and circumstances, taking into consideration financial markets, product developments and any legislative changes by undertaking regular portfolio and strategic reviews.

Statement of Advice (SOA) Document

Because each client has individual needs which affect the structure and detail of their financial situation, the disclosure of all benefits, commission or fees specific to your arrangements will be provided to you in the Statement of Advice (SOA) document. This document will confirm the financial advice / credit assistance being given and the basis on which that advice / assistance has been developed. It will also include a disclosure of all benefits and potential conflicts of interest that you need to be aware of in order to make an informed decision.

We will not provide credit assistance were we determine that a credit contract is unsuitable. A contract will be unsuitable if after appropriate investigation we believe either of the following:

- that you will be unable to comply with the obligations under that contract without substantial hardship; or
- that the contract does not meet your particular financial and personal needs and objectives.

If you would like a copy of our assessment at any time up to 7 years after our assistance, please ask. This can be provided at no cost within 7 business days for requests made within 2 years of our LOE / Service Agreement and 21 business days otherwise.

The financial benefits listed later in the FSG cover the types of rewards and remunerations that The Advice Exchange, its advisers and associates may receive as a result of the financial planning service provided to you. Specific benefits and amounts can only be calculated once recommendations are made.

The SOA will include all the information presented to you in regards to the advice being provided to enable you to make the choice to implement the advice or not. A fee may be charged for the preparation of the SOA, however, this will be agreed with you beforehand. It is important that you read and understand your SOA document. If you have any questions, please let us know before you proceed.

Record of Advice

If we provide further financial advice to you, and that further advice is related to the advice we provided to you in a Statement of Advice and your personal circumstances have not changed, a Record of Advice (ROA) will be used. The ROA will be added to your file and you may request a copy at any time up to 7 years from the date we gave that further advice to you. You can request the ROA by contacting your Adviser or The Advice Exchange in writing or by telephone or by email.

Other Important Information

The advice and information in an SOA or ROA is only current for a period of 60 days. After this time, the recommendations should not be implemented as legislation, economic conditions or your personal circumstances may have changed. Please consult your Adviser if you wish to implement any of these recommendations after 60 days from the date of the SOA or ROA.

Whilst every effort has been made to include relevant tax, Centrelink and legal considerations, you are advised to discuss your annual tax liability and tax implications with your tax adviser, any Centrelink implications (if applicable) with Centrelink and any legal issues with your solicitor. Estimates and issues raised therein are intended as a guide only. All representations made, facts presented and opinions are made by or on behalf of The Advice Exchange in good faith but The Advice Exchange and its associated companies shall not be liable for damages or in any other way for errors of fact and opinions except in any case where liability cannot be excluded pursuant to any law.

Your SOA or ROA is prepared solely for use of the person/persons, to whom it has been addressed and we (your Adviser, The Advice Exchange and / or its associated companies) do not accept any liability whatsoever to third parties. It is based on our understanding of your personal objectives, financial situation and needs.

Although we are able to provide credit assistance for you in relation to any provider of credit services operating in Australia, we will restrict that assistance to products that you already hold or products that have been recommended by mortgage broking experts. Colonial Geared Investments is the main provider we deal with.

Product Disclosure Statement

If we recommend a financial product, you will be provided with a Product Disclosure Statement (PDS). The purpose of the PDS is to assist you in making an informed decision whether or not the product is appropriate for you. It contains information about the financial product such as its significant features, benefits, fees and risks. It is therefore imperative that you read and understand any PDS provided by your Adviser before you make any decisions relating to a financial product recommendation.

Ongoing Service

To help ensure that you have peace of mind we suggest that you take advantage of our ongoing service offering. This service is customised to suit your particular needs and will often include an annual review of your portfolio as well as regular reports on investment performance. The review service is designed to ensure that your investment continues to meet your goals within any legislative changes, market changes and/or changes to your personal circumstances or requirement. Fees are charged for our review service and will be detailed in the SOA and Service Agreement. We are happy to discuss the scope of the services you require and the associated fees.

The amount of any fees charged will be agreed prior to the provision of any services as per the range shown below.

Payment for Services

Fees are generally payable after the service has been provided, however upfront payment may apply in certain circumstances. Ongoing service fees, which are payable in advance, will be agreed between us.

For investment and credit, we do not charge commission on initial advice/assistance or product placement. Where we recommend a product that does not allow us to waive this payment, we will reduce any fee payable by you to us by the same amount.

For insurance (personal life risk) products, we will receive up-front commission ranging between 30%-125% based on the annual premium, from product providers or other parties with which The Advice Exchange has a relationship. This commission is not charged separately to you. It is paid to us by product providers and is a one-off up-front payment.

We will also receive an ongoing commission (often called a trail commission) for insurance ranging between 10%-50% paid by the product provider out of the revenue the product provider earns. This commission is not charged separately to you. It is paid to us by product providers and is payable for the length of time you remain invested in the product or the length of time the product remains in force. The structure of these fees will be disclosed by us in relation to your individual circumstances.

All fees and commissions are fully disclosed in our initial advice and service agreements. Any changes to these fees and commissions are disclosed to you at the time of any further advice/assistance, review of Service Agreements and in additional product material.

Fee Structure

We charge a pre-agreed fees for our initial Advice and we will prepare written recommendations in the form of a Statement of Advice. This agreed fee will be determined by the complexities of the individual client's affairs. This fee will also cover the implementation of our recommendations should the client proceed with our advice.

Ongoing Investment Management and Strategic Advice Fee

We charge a transparent, pre-agreed asset based fee for ongoing investment management deducted from the portfolio on a monthly basis. We do not charge brokerage or transaction fees nor do we accept commissions. Our ongoing Investment Management and Strategic Advice Fee are expressed as a percentage of Funds Under Management (FUM).

Our ongoing service includes:

- Ongoing strategic advice
- Frequent review and management of your investment portfolio
- Unlimited access to your Adviser
- Online access to your portfolios
- Client seminars and briefings including new investment opportunities

The actual ongoing fee charged will depend on the complexities of affairs and the amount of funds under management and will range between 0.01% and 2.00% or a fixed annual fee between \$500 and \$100,000.

Education support

From time to time we may receive payment or sponsorship to subsidise the cost of conferences, training or professional development for our representatives. Product issuers receive a range of benefits including being recognised as a sponsor, attendance at conferences and the right to give speaking/training presentations to advisers.

Portfolio instructions

You may specify how you would like to give us instructions, for example, by email, telephone, fax or other means. This instruction and any changes to these instructions should be provided in writing to us. If we provide you with a transaction-related related telephone advice, you may request a record of the transaction-related advice at that time or up to 90 days after this advice.

Benefits, remuneration and commission arrangements

Pathway Enterprises, The Advice Exchange, your Adviser, and any referrers or associates may receive a benefit, commission or fee as a result of the provision of financial services to you. The type of benefit and the amount received will vary depending on the type of Financial Service you require. Gross commission and fees are paid to The Advice Exchange by Fund Managers. Generally, 100% of these funds are then paid to The Advice Exchange (Melbourne) Pty Ltd, who pay a fixed fee to remain part of The Advice Exchange.

Remuneration of Pathway Enterprises is based on the fees and commissions they are able to generate through their activities as representatives. If your Adviser is a shareholder in the entity that employs them, they may receive dividends dependent on the total revenue derived by the employer. If your Adviser is an employee he/she may be paid a salary, and/or a combination of salary and bonus, or other incentive calculated by reference to the total remuneration generated for their employer. Full details of remuneration and other payments are disclosed to you at the time of any advice.

All representatives are required to keep a Register of Alternative Remuneration which shows any payment other than cash which may be received by them from fund managers / product providers. This register is available for inspection with 7 days notice.

You should be aware that where you have been referred to The Advice Exchange, or where you are referred by us to another service provider, the referring party may receive a referral fee, commission or non-monetary benefit as a consequence of the products or services you purchase. Complete details of any such fee will be disclosed at the time of your advice e.g. in your SOA. We will also disclose details of any sharing of payments that may apply between The Advice Exchange and us.

The Advice Exchange has a number of arrangements in place whereby The Advice Exchange receives a marketing allowance from financial product manufacturers or service providers when we use their products or services. This may involve an annual payment to The Advice Exchange and/or a payment calculated by reference to funds under management. In the interests of transparency, we disclose that The Advice Exchange currently receives marketing allowance payments from the following companies:

- DKN Financial Group will pay The Advice Exchange a sum equal to 0.06% pa based on the balance of total funds held in the DKN investment platform. For example, if you invested \$10,000 for 12 months, The Advice Exchange would receive \$6;
- OnePath/ING will pay to The Advice Exchange a sum equal to 0.20% pa based on the total balance of funds held in OneAnswer platform. A further amount of up to a maximum of 0.10% pa will be paid by OnePath to The Advice Exchange if you invest in the OneAnswer Select or OneAnswer Frontier investment platforms. Cash, term deposits, mortgage funds, direct shares and capital guaranteed asset classes are excluded from this arrangement. For example, if you invested \$10,000 for 12 months, The Advice Exchange would receive up to \$30;
- Colonial First State will pay The Advice Exchange a sum equal to 0.20% pa based on the balance of funds held in Colonial First Choice, and 0.20% pa based on the balance of funds invested in Colonial FirstWrap.. For example, if you invested \$10,000 for 12 months, The Advice Exchange would receive up to \$25;

This payment does not impact on the cost of delivery of product or service to you and is used wholly to defray the costs of professional development training. Also, the inclusion of a product or service on our recommended list is not dependent on support in the form of a marketing allowance or other payments or benefits. Details of any such payments will also be disclosed to you when our advice includes these products.

Other Arrangements

The Advice Exchange is not owned by any financial institution or product provider.

Entities related to The Advice Exchange hold shares in several of its corporate authorised representatives. This means that The Advice Exchange may, by way of dividends, indirectly benefit from the advice fees and/or commissions derived by your Adviser.

Your Adviser, or entities related to your Adviser, also hold shares in The Advice Exchange Solutions Pty Ltd, the parent company of the Advice Exchange, and may therefore benefit from the revenue derived by The Advice Exchange from by way of dividends.

Your Adviser, or entities related to your Adviser, also hold an interest in The Adviser Productivity Trust, a discretionary trust into which a portion of the revenue derived by The Advice Exchange is transferred, and then distributed to advisers of The Advice Exchange at the sole discretion of the trustee,

The Advice Exchange Privacy Statement

The Advice Exchange is committed to ensuring the confidentiality and security of your personal information. Our Privacy Policy detailing how we manage personal information is available on request. If you wish to obtain a copy, please ask your Adviser or call The Advice Exchange on 03 9823 1344.

Professional Indemnity Insurance

We have appropriate Professional Indemnity Insurance in place. This Insurance will cover claims relating to advice provided by your Adviser whilst an authorized representative of The Advice Exchange cover claims in relation to the conduct of authorised representatives who are no longer authorised by The Advice Exchange (but who were at the time of the relevant conduct).

Complaints procedure

In the event that you have a complaint about the service provided by The Advice Exchange or your Adviser you should:

1. Write a letter of complaint to the Complaints Manager, The Advice Exchange, info@adviceexchange.com.au.
2. Outline in your written complaint the specific areas of service, which have not met with your satisfaction. Detail in your letter, as simply as possible, all the facts relating to your complaint and how you believe The Advice Exchange can investigate and resolve this matter to your satisfaction.
3. The Advice Exchange will investigate your complaint and will make every effort to ensure you receive a fair and prompt reply. The Advice Exchange will endeavour to resolve your complaint within 30 business days. We will keep you informed of what is happening to your complaint if this investigation cannot be resolved within this time.

If we are unable to resolve your complaint within 30 business days, we may ask you for an extension of time in order to do so. However if you have not received a satisfactory outcome from us within 30 business days, you have the right to take your complaint to the Financial Ombudsman Service (FOS), our external dispute resolution scheme.

.FOS provides free advice and assistance to customers not satisfied with the responses provided by member companies to their complaints. FOS may undertake an independent external investigation of the complaint or enquiry. Member companies like The Advice Exchange are bound by any decisions made by FOS. FOS can be contacted as follows:

Address: GPO Box 3, Melbourne Vic 3001

Phone: 1300 78 08 08

Fax: 03 9613 6399

Website: You can write to the Financial Ombudsman Service, GPO Box 3, Melbourne VIC 3001 or telephone toll free 1300 780 808.

The Australian Securities and Investments Commission (ASIC) supervise the provision of financial planning and investment advice on securities and regulate the provision of superannuation and life insurance products and services.

You may choose to phone the ASIC toll free Infoline on 1300 300 630. Infoline consultants will talk to you about your rights as well as how to make a complaint which is suspected to be a breach of the law.

Additional Services

It should be noted that we might also undertake work in other capacities than those as a representative of The Advice Exchange Pty Ltd. This may be as a result of having direct associations with other entities. This work is not associated with The Advice Exchange Pty Ltd, and nor is The Advice Exchange responsible for this work.

Contact Us

To discuss your financial goals, please telephone your Adviser's office for an appointment on 1300 723 198

Financial Services Guide version: 1.0