

# What you need to know about our services and how we work with you

## Financial Services Guide

Version 6.0

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## 1. About this Financial Services Guide

### a) This Financial Services Guide is important, please make sure you read and understand it

- This Financial Services Guide will help you decide if you want to use our financial services. It contains information on who we are and:
- Hillross Financial Services Limited (Hillross), the company which authorises us to provide our services
- our services and the process we follow to give you quality financial planning advice
- where to get details on Hillross' privacy policy
- what to do if you're unhappy with the services you get from us
- how we and Hillross are paid
- our relationships that could influence the advice we give you.

### b) Other documents you may receive

If we provide you with personal advice, it will normally be documented in a statement of advice, which sets out our advice, the basis of that advice and details about the fees, costs and other benefits payable as a result of the advice given. If we give you additional advice, we will also give you a copy of that advice in writing. If your personal circumstances or the basis of the previous recommendations are not significantly different, a statement of advice may not be required. We will keep a record of any verbal advice we provide you. You can ask for a copy of our advice at any time using our contact details in this guide.

If we recommend a financial product or arrange for you to apply for a financial product, we will provide you with a product disclosure statement, which provides you with important information about the product, such as its features and risks, to help you decide whether or not to buy that product.

### c) About Hillross Financial Services Limited

Hillross Financial Services Limited is a specialist wealth management business, and is part of the AMP Group. Hillross holds an Australian Financial Services Licence (No. 232705) and stands behind the advice and services we provide.

Hillross believes that there is every opportunity for Australians to create genuine wealth. Hillross supports us in providing you with superior advice and service, enhanced by the extensive resources of AMP, by giving us access to ongoing education and professional development, high professional standards, risk management services, a range of advice solutions, technology, and economic and product research..

Hillross:

- has authorised the distribution of this guide;
- has authorised us to provide the advice and other services set out in this guide; and
- is a principal member of the Financial Planning Association of Australia.

Together with Hillross, we act on your behalf when providing services to you.

#### Compensation arrangements

Hillross is covered by professional indemnity insurance satisfying the requirements under the Corporations Act for compensation arrangements.

The insurance is subject to terms and exclusions. However the insurance covers claims arising from the actions of former employees or representatives of Hillross, even where subsequent to these actions they have ceased to be employed by or act for Hillross.

You do not have a direct right to claim under this insurance, which is taken out to ensure sufficient resources will be available to meet claims against Hillross.

Our firm and financial advisers are covered by professional indemnity insurance which is in place to ensure sufficient resources will be available to meet any potential claims against our firm and/or financial advisers.

#### **d) Hillross's contact details are**

Hillross Financial Services Limited

ABN 77 003 323 055

Level 11

33 Alfred Street

SYDNEY NSW 2000

Phone: 1800 445 767

Email: [info@hillross.com.au](mailto:info@hillross.com.au)

## **2. About our Firm**

Where are you now?

Where would you like to be?

How are you going to get there?

Our task is to try and ensure that your life and/or business goals become a reality through carefully structured financial strategies and solutions designed and tailored specifically to assist you in realising and achieving your goals.

Lorikeet Holdings Pty Ltd trading as Accord Financial Planners provides services to you as an authorised representative of Hillross.

Accord Financial Planners has been established since 1980 under the Directorship of John Doonan.

The financial adviser listed in the next section is also an authorised representative of Hillross.

**Lorikeet Holdings Pty Ltd trading as Accord Financial Planners**

**ABN: 16 009 131 766**

**Authorised representative number: 247807**

**Firm contact details**

**Address:** Suite 25, 2nd Floor

"The Atrium"

123 Colin Street

WEST PERTH WA 6005

**Phone:** 08 9324 3553

**Fax:** 08 9324 3551

**Email:** [accordfp@hillross.com.au](mailto:accordfp@hillross.com.au)

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

[www.accord.hillross.com.au](http://www.accord.hillross.com.au)

### 3. Our financial advisers

John Doonan

Authorised Representative No: 247742

Credentials: John R H Doonan CFP® has been a financial adviser since 1980. John is a Certified Financial Planner™ and also holds a Diploma in Financial Planning (Dip FP). He is a member of the Financial Planning Association of Australia.

John offers a comprehensive range of services aimed at providing his clients with maximum flexibility in the management of their needs from superannuation to estate planning, John can provide individual services through an integrated strategy for wealth management and growth. John's clients range from individuals through to major companies.

Email: [john.doonan@hillross.com.au](mailto:john.doonan@hillross.com.au)



## 4. Our services

This section sets out the advice and services we offer.

You can choose to receive advice in all these areas where relevant to your circumstances, or tailor the advice and services we provide to suit your needs. Once we meet with you and discuss your wealth management objectives, we will assist you to identify the level of advice and services appropriate for you.

### a) Advice and services we provide

We can provide you with advice and arrange product solutions that meet your needs for:

<ul style="list-style-type: none"><li>• Analysis of your 'fallback' position</li><li>• Budgeting strategies</li><li>• Management of household/business debt and cashflow</li><li>• Personal, family and lifestyle protection (risk management)</li><li>• Income and asset protection</li><li>• Business protection (risk management)</li><li>• Estate/succession planning strategies</li></ul>	<ul style="list-style-type: none"><li>• Review your investment allocation against your risk profile</li><li>• Strategic analysis and asset allocation for your investments</li><li>• Tax planning strategies</li><li>• Self Managed Super Funds, analysis and strategies</li><li>• Simplify and boost your superannuation fund growth potential</li><li>• Direct share portfolio analysis</li><li>• Borrowing to invest strategies</li><li>• Retirement planning</li><li>• Centrelink/DVA analysis</li><li>• Education funding</li></ul>
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We also provide ongoing advisory services, including regular portfolio reviews.

We can provide some advice on general insurance, however for comprehensive advice and product recommendations relating to your general insurance needs, we will refer you to a specialist in this area.

### b) Understanding our advice process

We follow Hillross's quality advice process, which involves:

- Meeting with you for an initial consultation. During this meeting we will find out your expectations and provide you with details of the services we are authorised to provide. We will also agree with you on how we are paid for our services.
- Collecting all the information needed from you. We call this 'fact-finding'. Before giving you any advice we need to understand your personal circumstances. Fact-finding requires us to ask questions about you, including, if relevant, helping you to determine your attitude towards investment risk.
- Helping you to identify your goals and current financial position, including any issues or constraints, which may affect the advice we give you.
- Considering strategies and related issues such as taxation, social security and estate planning. We will develop and present you with written recommendations.
- Discussing our recommendations with you, making any changes you require and obtaining your agreement to go ahead with those recommendations.

- Taking the necessary steps to implement our recommendations.
- Offering to help you review your objectives, financial situation and needs on a suitable basis.

### **Our relationship with you**

We are committed to delivering quality services and have set high service standards. These standards include endeavouring to:

- return your phone calls within 24 hours,
- respond to your correspondence within 3 business days,
- act on your instructions within 3 business days, or as agreed with you
- forward your money to product issuers within 2 business days.

The terms of our service offering include clearly identifying the scope of services we will provide to you, when those services will be provided and how often we will provide them, the frequency of contact between us, and how the service can be terminated. If you require ongoing wealth management services, our services will be documented and presented to you in writing. We will only recommend products to you after considering their suitability for your individual objectives, financial situation and needs.

### **Your role and responsibilities**

Any advice we provide must be appropriate to your personal circumstances, based on our review and assessment of your situation. We rely on you to provide us with accurate and current information regarding your personal and financial position, objectives and needs. It is important you inform us if your circumstances change so we can assess whether our advice continues to be appropriate. We will discuss with you what information we require and when, before we proceed with providing advice and services.

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

### **Your privacy**

Your privacy is important to Hillross and us. To learn more about our collection and use of your personal information (for marketing and other purposes), see our Privacy Policy Statement at [www.hillross.com.au](http://www.hillross.com.au). We keep records of your investment objectives, financial situation and needs and our recommendations to you. If you wish to examine your file or to get access to your personal information, please call us.

## **c) Products that complement our advice to you**

If you decide to follow our advice, we can recommend the following kinds of products:

- Superannuation, including retirement savings accounts and Self Managed Superannuation Funds.
- Income stream products (for example pensions and annuities)
- Life risk insurance and other wealth protection products (for example, income protection and trauma)
- Managed investments including investor directed portfolio services and Agribusiness
- Securities (including direct shares and corporate debentures)
- Investment products issued by a Life insurance company including whole of life, endowment policies and bonds
- Margin loans
- Deposit and payment products (including First Home Saver accounts)
- Debentures, stocks or bonds issued or proposed to be issued by a government

- Limited Managed Discretionary Account services within our recommended researched administration platforms.

If you do not require advice from us, we can also arrange for you to apply for the kinds of products referred to above. In these cases, we can take your instructions and arrange for the transaction to be completed, without providing personal advice. If you wish to proceed without advice from us, normally we will ask you to confirm your instructions in writing and sign an acknowledgement form. You can ask us for a copy of the form at any time.

#### **Our approach to selecting products**

Hillross researches a broad range of products and services and selects those based on their quality and suitability for our clients. Hillross also conducts ongoing reviews to ensure that the products and services remain competitive and continue to meet the needs of our clients. Details of the researched products and services are in the Hillross Research List, which is available on request. The List includes products and administration services that are operated or promoted by Hillross and/or other AMP companies. While there may be other products and services also suitable for you, we only advise on and recommend products and services on that List or otherwise approved by Hillross.

### **d) Our services for Managed Discretionary Accounts**

#### **Our Managed Discretionary Account services**

We offer limited types of Managed Discretionary Account services (MDA services) such as Authority to Operate services within approved investment platforms. Through these services, you allow us to manage your investments for you, using our discretion and without obtaining your instructions before each transaction we undertake on your behalf. However, we do not (and we are not authorised to) open new accounts, withdraw funds, or contribute new funds to your investment.

We've anticipated some of the questions you may ask in relation to this type of service and have provided answers below:

#### **What are the significant risks associated with using an MDA service?**

By authorising us to make changes to your investments without seeking your prior authority, you cannot claim we were not acting on your behalf. Provided we act within that authorisation, our acts become binding on you. There is a risk that we will make investment transactions that you would not have agreed to had we sought your instructions first. Therefore it is important you understand what we are authorised to do and carefully read and understand the activities that you are authorising us to perform on your behalf.

#### **How can you give instructions on how to exercise rights relating to the financial products in your portfolio?**

Generally, the financial products, which we invest in on your behalf, do not have any additional rights or entitlements attached to them. However, if there are, then we will let you know and you can provide us with instructions at the time as to how you wish for us to proceed.

#### **Do you have to enter into a contract before we provide MDA services?**

Yes. This MDA Contract will set out the terms and conditions of the authority and also the investment program, which sets out how your money will be invested.

#### **Who prepares the investment program?**

We will prepare the investment program for you based on your relevant personal circumstances, financial objectives and needs.

### **Will the investment program in the MDA contract comply with the law?**

Where this is relevant, the investment program set out in the MDA contract will comply with the law. The relevant law is Division 3 of Part 7.7 of the Corporations Act. The contract will also contain:

- statements about the nature and scope of the discretions we will be authorised and required to exercise under the MDA contract
- any investment strategy that is to be applied in exercising those discretions
- information about any significant risks associated with the MDA contract
- the basis on which we consider the MDA contract to be suitable for you, and
- warnings that the MDA contract may not be suitable to you if you have provided us with limited or inaccurate information relating to your relevant personal circumstances, and specify that the MDA service may cease to be suitable for you if your relevant personal circumstances change.

### **Who is responsible for reviewing the investment program?**

We are responsible for reviewing your investment program. We will review your investment program at least every 12 months.

### **Do we provide custodial or depository services for your portfolio?**

We do not provide custodial or depository services. You will either hold the investments in the portfolio, or the custodian for the investment platform.

The information under the heading 'Our Services for Managed Discretionary Accounts' complies with the Australian Securities and Investment Commission Class Order 04/194.

## **e) What to do if you have a complaint about the services we provide you**

1. If you have a complaint about the advice or services provided to you, then contact us using our contact details in this guide. We will try to resolve your complaint quickly and fairly.
2. If your complaint relates to a financial service and is not satisfactorily resolved within 3 business days, please lodge your complaint in writing to:

Complaints Officer  
Reply Paid 2314  
Hillross Financial Services Limited  
GPO Box 4134  
SYDNEY NSW 2001

Phone: 1800 445 767  
Fax: 02 9257 9281

3. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Ombudsman Service (FOS) at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001

Phone: 1300 780 808  
Fax: 03 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

Website: [www.fos.org.au](http://www.fos.org.au)

FOS is an independent external dispute resolution service, of which Hillross is a member. The Financial Ombudsman Service is free of charge. A number of factors may exclude a dispute from FOS's jurisdiction, including claims over \$250,000. Further information can be found on the FOS website.

The Australian Securities & Investments Commission (ASIC) also has a freecall infoline on 1300 300 630. You may call ASIC to make a complaint and obtain information about your rights.

## 5. How we are paid

This section sets out how we are paid for our advice and services and provides an overview of the types of fees we charge.

### a) Payment options

Our preferred payment option is by an agreed fee which we will negotiate and agree with you based on the nature and scope of services you require from us. You will therefore know the services to be provided to you and how we will charge for them before being committed to paying for those services. If we are the servicing adviser for your employer, we will agree any advice fee with your employer and disclose this to you.

The actual costs to you will normally be confirmed to you in writing.

#### Our fees

The type of fee we charge will depend on the nature and scope of the services you seek. Our agreed fees may include charges for:

- initial advice
- ongoing advice
- other fees such as implementation or product placement fees, or one-off consultation fees.

Our agreed fees may be calculated based on:

- a fixed dollar amount
- a percentage of the amount you invest
- an hourly rate (if this option applies, details are in our Schedule of Fees which is available on request), or
- a combination of some or all of the above.

You may choose to pay these fees directly or have them deducted from the product(s) we recommend.

Where we provide additional services to you, you may be charged for these additional services. We will agree all additional costs with you prior to you incurring them.

From 1 July 2010, we will not receive commissions from issuers of financial investment products for any new investment we recommend and/or arrange for you.

Please note that for services in relation to insurance, margin lending and some basic deposit products, commissions may be paid as follows:

- for insurance products, a percentage of the premium you pay; or
- for loan products, a percentage of the outstanding loan balance
- for basic deposit products, a percentage of the value of your initial and/or ongoing investment - the percentage is usually calculated at the end of each month in which you hold the product.

We may also continue to receive initial and ongoing commissions for products arranged for you prior to 1 July 2010. Any initial commissions will be a percentage of your contributions and may be deducted from your product. Any ongoing commission is calculated as a percentage of the value of your ongoing investment, usually calculated at the end of each month in which you hold the product.

We may also receive a share of the fee charged for advice and/or implementation of direct share transactions provided by an approved broker.

You can ask us for details on the fees or benefits we may receive for our services ideally before we implement our advice or arrange a transaction for you.

## **b) How we are paid**

All payments are made directly to Hillross as the licensee, who collects payments on our behalf. Hillross retains a percentage as a Licence Fee and the balance is passed on to us. The percentage passed on to us is determined annually based on our business earnings up until the end of November over the previous 11 months and annualised for that year. The percentage passed on to us may be adjusted from time to time based on our actual earnings in a particular year. Details of the amounts will be in our written advice to you.

John Doonan is an employee/director and shareholder of Lorikeet Holdings Pty Ltd trading as Accord Financial Planners and receives salary plus dividends from the firm.

## **c) Placement fees**

From time to time Hillross will receive fees from brokers or product issuers (including AMP group companies) for arranging client participation in Initial Public Offerings (IPOs) of securities (such as shares and rights issues). The fee, which is generally a percentage of the fee paid to the broker, varies from offer to offer and by the level of participation by Hillross. We may share in this fee based on the level of participation by our clients.

## **d) Hillross incentive program**

### **Short Term Reward**

We may qualify for additional payments as short term rewards from Hillross, based on the contribution our firm makes to the overall revenues received by Hillross from product issuers. These payments are described in the section "Understanding Hillross' relationships with others".

Our entitlement to any rewards described in this section will only arise if our firm contributes \$150,000 or more in a calendar year to these revenues. The rate of payment begins at 2% of the contribution and increases progressively to a maximum of 26% as the level of our contribution to the Hillross payments increase. The maximum percentage applies where the revenue contribution exceeds \$4 million. For example, if over time the accumulated recommendations our firm has made, including those from this current calendar year, result in Hillross receiving \$150,000 in total revenues from all relevant product issuers, then we will receive \$3,000 as short term reward payments.

Any short term reward entitlements due to us are determined twice per annum in arrears at the end of June and December, and payments made three months later. Eligibility in any one period does not automatically mean that we will continue to be eligible for any reward payments in future periods. These entitlements are in addition to other payments described in this section, and are not an additional charge to you.

### **Long Term Reward**

If our firm contributes significantly to Hillross's performance in a calendar year, we may be invited to participate in the Hillross long term reward program. Up to 20% of Hillross firms may qualify. If we are invited to participate, Hillross will notionally allocate a benefit to our firm from its revenue for that year, based on our firm's contribution to Hillross' performance. The allocation takes 3 years to vest and, provided we remain with Hillross during that time, payment will then be made to us. Qualification and payment depend on our firm continuing to meet the Hillross quality advice requirements.

The benefit that may be paid to us is in addition to payments we receive, and is not an additional charge to you.

## 6. Other benefits we may receive

We may receive other benefits such as financial, marketing and training assistance from Hillross and from product issuers, including AMP companies, in addition to the payments we may receive for our advice and services. Other indirect benefits we may receive from Hillross include business lunches/dinners, tickets to sporting or cultural events, corporate promotional merchandise, and other minor benefits.

The benefits listed below may be considered to influence the service we give you or the products we recommend to you.

### a) Business conferences

#### Overseas conference

Hillross nominates some of its authorised representatives to attend an overseas conference. Hillross generally holds these conferences every 2 years. Hillross subsidises the expenses of each authorised representative who qualifies to attend, along with their partner.

To become eligible, an authorised representative's firm must be one of the highest performing Hillross firms, typically around 30 to 35 practices, with the final number determined by Hillross. The qualifying criteria may vary, but it is normally based on the standard of financial planning services we provide, combined with the contribution (which can be financial and/or other measures set by Hillross) that our firm makes to Hillross' overall results and performance. The value of the benefit for authorised representatives will depend upon a number of factors including for example the location of the conference, as well as the relative value of the Australian dollar where the conference is being held. In 2010, this benefit was valued up to \$7,000 for each authorised representative. For partners the benefit was valued at up to \$4,000. Hillross, in its discretion, may offer airfare upgrades to some authorised representatives and their partners. In 2010, this benefit was valued at approximately \$5,000.

If nominated authorised representatives choose not to attend the conference, Hillross will offer a reimbursement of up to \$5,000 for certain educational expenses they may incur over the following financial year.

#### Domestic conferences

Usually held every year, Hillross subsidises the expenses of authorised representatives and their partners who qualify to attend. In 2010, this benefit was valued up to \$1,200. This value is approximate, and will ultimately depend upon Hillross' choice of location.

To become eligible, an authorised representative's firm must generally be placed in the top 20 of all Hillross firms over the previous calendar year. The qualifying criteria are generally based on the standard of the financial planning services provided and amount of earnings of the firm during the qualifying period.

#### Conference extensions

Authorised representatives, who have achieved outstanding financial planning services results over a minimum of usually 10 years, are eligible to attend additional conferences which extend both the bi-annual overseas conference and every alternate year of the annual domestic conferences. The qualifying criteria may vary, but it is normally based on the standard of financial planning services we provide, combined with the contribution (which can be financial and/or other measures set by Hillross) that our firm makes to Hillross' overall results and performance.

In 2010, the value of each of these benefits was approximately \$5,000. However this value will vary from year to year depending upon the location of the additional conference. Partners may also be able to attend at the same benefit value or less.

## **b) Indirect benefits from product issuers**

We may receive indirect benefits from product issuers, for giving you advice in relation to their products. Alternatively, these benefits may be paid to Hillross, which may pay a proportion to us. Any benefits we receive that may reasonably be considered to influence our advice to you will be disclosed in our written advice.

We keep an Alternative Remuneration register of indirect benefits greater than \$300 received from product issuers. You can see a copy of this register by asking us.

We may receive indirect benefits that are valued at less than \$300 for example business lunches/dinners, tickets to sporting or cultural events, corporate promotional merchandise, and other minor benefits.

## **c) Other benefits**

Hillross has made available a loan facility through which Accord Financial Planners has borrowed an amount of money from AMP Group. The amount of the loan was determined by, among other things, the size of our business.

## **d) If we leave the financial services industry**

Hillross makes available a facility for its advisers looking to sell their firm if they leave the financial services industry. The facility is subject to certain conditions (such as, reason for sale, time the firm has been operating with Hillross, level of adherence to Hillross compliance requirements and achieving a satisfactory level of customer service), and provides a minimum sale value for a financial advisory firm. The minimum sale value is based on a multiple of firm revenue. If at some future time we should look to sell our firm, and we cannot find a willing buyer, Hillross may be the purchaser in these circumstances.

# **7. Our relationships**

It is important to you to understand the relationships that exist with particular providers of products and services, as they may be considered to influence our recommendations to you.

## **a) Understanding our relationships with others**

### **Payments we make to service providers who refer you to us**

We have a referral arrangement with Kennerlys through which Kennerlys refers clients to Accord Financial Planners for financial planning advice. If you are referred to us by Kennerlys then we will pay them 20% of all initial and ongoing payments in respect of products or services provided to you. Information about the manner in which this benefit is calculated will also included in our written advice to you.

We have a referral arrangement with Members First through which Members First refers clients to Accord Financial Planners for financial planning advice. If you are referred to us by Members First then we will pay them 20% of all initial and ongoing payments in respect of products or services provided to you. Information about the manner in which this benefit is calculated will also included in our written advice to you.

We have a referral arrangement with Granger Clark (Professionals) Real Estate through which Granger Clark (Professionals) Real Estate refers clients to Accord Financial Planners for financial planning advice. If you are referred to us by Granger Clark (Professionals) Real Estate then we will pay them 15% of all initial and ongoing payments in respect of products or services provided to you. Information about the manner in which this benefit is calculated will also included in our written advice to you.

We have a referral arrangement with The Local Loan Company through which The Local Loan Company refers clients to Accord Financial Planners for financial planning advice. If you are referred to us by The Local Loan Company then we will pay them 20% of all initial and ongoing payments in respect of products or services provided to you. Information about the manner in which this benefit is calculated will also be included in our written advice to you.

#### **Payments we receive from service providers for referring you to them**

We have a referral arrangement with Members First through which Accord Financial Planners may refer clients to Members First for financial advice. If we refer you to Members First then they will pay Accord Financial Planners 20% of all initial and ongoing payments in respect of products or services provided to you.

### **b) Understanding Hillross's relationship with AMP**

Hillross is a member of the AMP group of companies, a wealth management business operating in Australia and New Zealand. AMP Limited is listed on the Australian Stock Exchange and its shares may be recommended to you. Hillross is related to the following companies whose products we may recommend to you:

- AMP Bank Limited
- AMP Capital Investors Limited,
- AMP Life Limited,
- AMP Superannuation Limited.

As with other product issuers, if we recommend a product issued by any of the companies listed, they will benefit from our product recommendations by receiving the fees they charge on their products. These fees are shown in their product disclosure statements for the relevant products. For superannuation products issued by AMP Superannuation Limited, AMP Life Limited receives the fees charged on the product, as the issuer of the underlying life policies.

AMP companies, which issue products, may also receive payments from fund managers for the inclusion and distribution of the relevant fund manager's investment options through products manufactured or badged by AMP companies. These payments are included in the fees shown in the product disclosure statements.

Hillross, its staff, and its authorised representatives and their associates may also have an interest in, or hold investments in, the products we may recommend and they may hold shares in AMP Limited. The share price of AMP Limited may be affected favourably by the sale of products issued by the product issuers listed above.

#### **Hillross investment management services**

Hillross provides investment management and other related services for the Experts' Choice funds available through its approved platforms, as well as for the Researcher's Pick Model Portfolios in the Personalised Portfolio platform. AMP Capital Investors Limited is the responsible entity of the Experts' Choice funds and the Personalised Portfolio platform. It is a related company to Hillross.

If you access one of the Experts' Choice Funds or invest using a Researcher's Pick Model Portfolio, a management fee is charged by AMP Capital and calculated daily. The fee for Experts' Choice funds is not deducted from your investment but is deducted from the assets of each Fund and is reflected in the unit prices. The fee for the Researcher's Pick Model Portfolios is deducted from the platform cash account. A full description of the fees is available in the respective product disclosure statement for your investment.

Hillross is paid a fee by AMP Capital Investors for the provision of its services to AMP Capital Investors. AMP Capital Investors pays this service fee out of its own revenue from the management fees it receives from the products. It is not a further charge to you.

## c) Understanding Hillross's relationships with others

### Arrangement between Hillross and product issuers

Hillross researches a broad range of products and services, in addition to direct shares (which may include AMP Limited shares). The Research List on which we base our recommendations is maintained by the Hillross Research Department using extensive research undertaken by independent research organisations and Hillross's own analysts. Products and services are rated on the List based in their suitability for clients generally and their quality in accordance with Hillross's rating criteria. Issuers of products do not pay to be included on the List, however, once on the List, product issuers or service providers may pay Hillross a fixed annual fee of up to \$22,000 (including GST) which assists with the cost of research and distribution support provided by Hillross and its authorised representatives.

Product issuers may also make payments to Hillross as follows:

- for investment products and loan products, up to 0.33% pa (including GST) of funds under administration, the balance of a cash account or the total loan value outstanding; or
- for insurance products, up to 10% (including GST) of the total premium paid.

The payments are usually made quarterly and are generally less any fixed fee that has been paid. Since this amount is calculated in the future, we cannot provide an exact figure at this point. However, as an example, if:

- total funds under administration for a particular investment product is \$10 million with a nil fixed fee component, the issuer would pay Hillross up to \$33,000 annually; or
- total premiums for insurance products are \$1 million, the insurer would pay Hillross up to \$100,000 annually.

These payments are not shared with us although we may indirectly participate in these payments through the Hillross incentive program, which is referred to earlier in this guide.

Margin lenders may make payments to Hillross of up to 0.55% pa (including GST) in respect of margin loans calculated on the outstanding balance of a loan. Payments are normally made monthly. As an example, for each \$10,000 of an interest only loan, the payment would be \$55 over a year. However, for other loans, the payment will vary as interest is charged and principal is repaid. As with other payments, we share this amount with Hillross but can rebate all or part of it to you.

From time to time, product issuers have access to Hillross and its authorised representatives to advertise or give training on their products. Any payments made by fund managers for advertising space at conferences are shown in a register maintained by Hillross, which is available for inspection. Product issuers may contribute to the cost of attendance of Hillross employees and authorised representatives at certain educational, professional development and other events on a public or restricted basis.

### **PortfolioCare Platform**

Several AMP companies have an agreement with Asgard Wealth Solutions Limited and Asgard Capital Management Limited (Asgard), under which Asgard administers the *PortfolioCare* platform.

If you access a product through the *PortfolioCare* platform, then administration and Trustee fees are deducted from your account. The fees are payable to Hillross. Asgard is paid a fee by AMP companies for administering this platform. A full description of the fees is in the relevant product disclosure statement.

Hillross may also qualify for a share of the profit on the life insurance business taken out through the *PortfolioCare* platform. The profit is based on the claims experience for that business and total premiums received. Asgard is paid a portion of that profit by the insurer. Half of the amount paid to Asgard is paid to Hillross.

These payments are not shared with us although we may indirectly participate in these payments through the Hillross incentive program, which is referred to earlier in this guide.

### **Definitive Wrap platform**

We may recommend that you invest through the Definitive Wrap platform which is operated by Macquarie Investment Management Limited ABN 66 002 867 003, AFSL No. 237 492 ("MIML").

If you access a product through the Definitive platform, then the administration fees are deducted from your account within that platform and paid to Hillross. MIML is paid a fee by Hillross for administering this platform. The administration fees are not shared with us although we may indirectly participate in this payment through the Hillross incentive program which is referred to earlier in this guide.

Further details about the fees and costs of investing in the Definitive Wrap platform will be set out in any written advice we provide you and the product disclosure statement for the Wrap platform.