

# BURRELL

stockbroking & wealth management



## Financial Services Guide

Corporate Authorised Representative: Advice and Information Pty Ltd  
T/A Bowtie Financial Services

Authorised Representative: Adrian McDonald

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Adrian McDonald  
Authorised Representative Number 245046

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# Instances where we are not independent

## *Disclosure of Lack of Independence required under 942B(2)(fa) of the Corporations Act: Personal retail advice*

Burrell Broking is not owned by a bank or other financial institution. It is owned by the Burrell family and other individual directors/shareholders. In the vast majority of cases where we provide retail personal advice we provide advice that is free of any conflicts of interest.

However, there are cases where our advice to you may not be independent.

### New Issues

We may receive fees from issuers of shares either due to a capital raising such as a placement, share issue, or initial public offering (IPO). For capital raisings industry and clients expect the issuer to remunerate the broker, we seek only to accept new issues (IPOs) where we consider the acquisition to be in a client's best interest. Often old public offerings i.e. existing listed companies, are better value. The alternative to the issuer paying us, the broker directly, is that we rebate you the fee and charge brokerage for the new shares you receive. Practically the result is the same, and increasingly we will look to rebate capital raising fees to you and charge brokerage. However, it is important you understand we may receive fees directly, and while our advice on these transactions may not be independent, advice will be in your best interest. Often we provide general advice on new issues as to features and risks but may not provide a recommendation/retail personal advice. An example is small to mid-cap companies where no independent research is available.

### Burrell Personnel Holdings

Burrell Directors, advisers and staff are likely to have funds invested in the products they are recommending. For example, most hold share portfolios that contain stocks they are recommending. While this may lead to a perceived conflict, the reality is due the size of the holdings it's unlikely there will be an actual conflict.

### In-house Entities

Burrell Broking holds some entities in which directors have funds invested. These are not material in size compared to Burrell Broking's total Funds Under Management (FUM). Over the years, clients have asked to invest in these entities (BWET, BAET, BSMaRT, and the listed investment company AIH). Additionally, Burrell Stockbroking is the model investment manager of our separately managed account (SMA) products, such as the Burrell 20 and 35. Increasingly, we will only provide general advice on these products.

It is important that you understand Burrell Broking, its representatives, authorised representatives and associates:

- may receive monetary benefits in connection with the provision of personal advice to retail clients;
- may receive monetary benefits from third parties related to share placements, new issues, and initial public offerings;
- have an association with Burrell Securities Limited, which is wholly owned by Burrell Broking. Burrell Securities Limited (AFSL 381 667) is the issuer of financial products, specifically the Burrell World Equities Trust (BWET) ARSN 161 820 864, the Burrell Australian Equities Trust (BAET) ARSN 635 684 123, and the Burrell Smallcap, Midcap and Resources Trust (BSMaRT) ARSN 600 185 500. Burrell Broking has been appointed as the investment manager of the schemes. We may not be independent when giving advice on these schemes, however we always act in your best interest regarding any recommendation. Increasingly any advice will be general advice only. Additionally, we do not push these schemes on clients, and they are a small part of client's funds under management. They are used predominately to achieve diversification for clients where appropriate;
- also may not be independent regarding advice or transactions in Australian and International Holdings Limited (AID.NSX), which is the listed investment company holding units in the Burrell schemes;
- have an association with Praemium Australia Limited (ABN 92 117 611 784, AFSL 297956), and OpenInvest Limited ABN 92 117 611 784 in its capacity as the responsible entity of the OpenInvest Portfolio Service (ARSN 628 156 052). Either Praemium Australia Limited, or OpenInvest Limited will be the responsible entity of Burrell Separately Managed Accounts (SMAs, such as the Burrell 20 or 35. Burrell Broking has been appointed as model investment manager.

For these reasons Burrell Broking and its representatives are not independent, impartial or unbiased (which are restricted words or expressions under the Corporations Act) in relation to all instances of the provision of personal advice to retail clients.

For further information regarding how Burrell Broking is remunerated, please refer to the section titled "How are we remunerated" on page 13 of this FSG.

Please note that notwithstanding the above, if you are a retail client and we give you personal advice, we have a duty to act in your best interests and prioritise your interests, and are obliged to provide you with appropriate advice.

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## Terms used in this FSG

ASX Clear (formerly ACH)	ASX Clear Pty Ltd, ABN 48 001 314 503
AFSL	Australian Financial Services Licence
ASX Settlement (formerly ASTC)	ASX Settlement Pty Ltd, ABN 49 008 504 532
ASX	ASX Limited or Australian Securities Exchange, ABN 98 008 624 691
Burrell Clearing	Burrell & Co Holdings Pty Ltd, ABN 58 121 508 978; AFSL No. 352203. An ASX Clear Direct Clearing Participant and ASX Settlement Direct Settlement Participant
Burrell Broking, we, us, our, providing entity	Burrell Stockbroking Pty Ltd, ABN 82 088 958 481; AFSL No. 247431. A Market Participant of ASX and NSX, which has engaged Burrell Clearing to clear and settle transactions executed on the ASX and NSX
ETO's	Exchange Traded Options
AFCA	Australian Financial Complaints Authority
FSG	Financial Services Guide
NSX	National Stock Exchange of Australia Limited, ABN 11 000 902 063
PDS	Product Disclosure Statement
Retail Client	Has the meaning given by sections 761G and 761GA of the Corporations Act
Wholesale Client	Has the meaning given by sections 761G of the Corporations Act
you	a Client of Burrell Broking and Burrell Clearing

## Purpose of this FSG

**The purpose of this Financial Services Guide ('FSG') is to help you decide whether to use our services.** This FSG will tell you about the full stockbroking, wealth management and advisory services we are able to provide to you, our charges and your rights as a client. You are receiving this FSG because you are, or you are about to become a client of Burrell Broking. **If you need more information or clarification, please ask us.**

This FSG provides information about:

- Who we are and how to contact us;
- The services we provide;
- The risks associated with those services and investing in general;
- The relationships and associations we have;
- The remuneration that may be paid to us by or to other relevant persons for the services we provide;
- The documents you may receive from us;
- How we handle complaints;
- Your privacy and how we use your personal information.

The information set out in this FSG is designed to assist you in deciding whether to use the services we provide. You will also receive a FSG from Burrell Clearing. Burrell Broking has an arrangement with Burrell Clearing to clear and settle transactions executed. **You should read both documents before deciding whether to use our services.** The FSGs should be filed for later reference.

You should also read the Burrell Broking Client Guide and Account Application (Client Guide) which provides you with further information about our services and the general terms and conditions. The Burrell Broking Client Guide's acknowledgements, authorisations and consents govern our services and our relationship with you. You must complete and sign the Burrell Broking Client Guide to open an account(s) and access our services.

### Who does this FSG apply to?

This FSG applies to anybody who falls within the Corporations Act definition of a Retail Client. This FSG aims to provide sufficient information for you as a Retail Client, to make an informed decision about using our dealing, advisory and related services. If you don't fall within the definition of 'Retail Client', you may be treated as a 'Wholesale Client', in which case our service relationship and the rights available to you would not be as described in this FSG. Our 'Retail' services, and the financial products they cover, can be complex and subject to special regulations impacting how the services are provided. That's why this FSG describes them in some detail.

## Who is Burrell Broking?

Burrell Broking is the holder of Australian Financial Services License (AFSL) No. 247431, issued under the Corporations Act, and a market participant of the ASX and the NSX. Burrell Broking is permitted to provide full stockbroking, wealth management and advisory services. Burrell Broking has a clearing, settlement and sponsorship arrangement with Burrell Clearing. This arrangement has been put in place to utilise the capital strength of Burrell Clearing, which will provide clients with greater security. The clearing, settlement and sponsorship services available to Burrell Broking clients are explained in Burrell Clearing's FSG.

Burrell Broking is also registered with the Tax Practitioners Board (TPB) as a Company Registered Tax (Financial) Adviser. Based on the information provided by you, Burrell advisers may consider the tax consequences that relate directly to the financial advice being provided to you. However, Burrell Broking is not a Company Registered Tax Agent and consequently this advice will not include an assessment of your overall tax position. As such, we strongly recommend you review any advice with a Registered Tax Agent.

### Burrell Broking Contact Details

#### BRISBANE

Phone: (07) 3006 7200 Fax: (07) 3839 6964

#### BRISBANE – BOWTIE FINANCIAL SERVICES

Phone: (07) 3177 0840 Fax: (07) 3839 9979

#### BUNDABERG

Phone: (07) 4153 4499 Fax: (07) 4153 1704

#### EMERALD

Phone: (07) 4988 2777 Fax: (07) 4988 2707

#### IPSWICH

Phone: (07) 3884 5700 Fax: (07) 3812 3672

#### SOUTHPORT

Phone: (07) 5583 7800 Fax: (07) 5531 0000

#### SUNSHINE COAST

Phone: (07) 5353 5223 Fax: (07) 3839 6964

### The services your authorised representative can provide

Advice and Information Pty Ltd T/A Bowtie Financial Services, ABN 14 097 895 737, is a corporate authorised representative of Burrell Broking (Authorised Representative Registration No. 245046).

Advice and Information Pty Ltd T/A Bowtie Financial Services has appointed Adrian McDonald as an authorised representative.

Advice and Information Pty Ltd T/A Bowtie Financial Services, and Adrian McDonald, are authorised to provide

the following services:

- (a) Advice in relation to financial products including:
  - Life Products –Investment Life Insurance
  - Life Products –Life Risk Insurance
  - Securities, including ASX listed shares and exchange traded funds
  - Superannuation
  - Managed investments schemes
  - Retirement Savings Account
  - Government Debentures, Stocks or Bonds
  - Deposit and Payment Products, both basic and non-cash payment

#### The services and products Burrell Broking can provide

Burrell Broking is authorised under our Australian Financial Services License to provide advice and deal (including arranging to deal) in the following financial services and financial products:

- (a) Provide Financial Product Advice for the following classes of financial products; and
- (b) Deal in the following financial products by applying for, acquiring, varying or disposing of a financial product on behalf of another person:
  - Securities (such as shares listed on ASX, and warrants quoted on ASX or NSX);
  - Interests in Managed Investment Schemes, (such as units in ASX listed Trusts);
  - Derivatives, such as Exchange Traded Options (ETOs) traded on the ASX.
  - Standard Margin Lending Facilities.
  - Superannuation;
  - Life products (including investment and life risk insurance products);
  - Managed Discretionary Account (MDA) services;
  - Managed Investment Warrants;
  - Debentures, stocks or bonds issued or proposed to be issued by a government;
  - Deposit and Payment Products, both basic and non-cash payment.
- (c) Deal in a financial product by, issuing, applying for, acquiring, varying or disposing of:
  - Securities (such as shares listed on ASX, and warrants quoted on ASX or NSX);
  - Standard Margin Lending Facilities.
  - Derivatives, such as Exchange Traded Options (ETOs) traded on the ASX.
  - Managed Discretionary Account (MDA) services
  - Managed Investment Warrants.
- (d) Provide a custodial or depository scheme services, other than IDPS, to Wholesale and Retail clients.

Burrell and its advisers are also authorised to provide a range of related wealth management services including:

- Investment advice
- Retirement Planning

- Superannuation advice
- Estate planning
- Comprehensive financial planning
- Risk insurance advice
- Portfolio administration and management services

When you contact us, we will assume that you require assistance in relation to one or more of these services. Please let us know if you are interested in other services. We will work with you to determine what range and level of service and advice you require.

If mutually agreed, we can manage your direct share portfolio on a discretionary basis. Your direct share portfolio will be managed on your behalf in accordance with an agreed portfolio strategy. We take care of all investment decisions, portfolio administration and custody. For further information, please ask about our Individually Managed Portfolio Service.

You should be aware that our research and other publications contain general securities advice only. You need to discuss any recommendations they contain with your advisor to assess whether they are appropriate to your requirements.

#### Australian Securities & Investments Commission (ASIC) Relief

This FSG complies with the conditions of relief in ASIC class order CO 12/417, relating to the information to be included in an FSG when it is delivered to a client after the provision of a financial service. The information contained in the FSG need only be up to-date as at the time the earlier financial service was given to retail client.

## Who is responsible for services given to you?

Burrell Broking is primarily responsible for any advisory, dealing or other financial services provided by Advice and Information Pty Ltd T/A Bowtie Financial Services and Adrian McDonald (Authorised Representative Registration No. 245046). If Adrian McDonald is unavailable, please feel free to ask for the next available advisor or a Director of Burrell Broking.

Please note that depending on your agreed services and level of advice **you may not receive any personal advice from us**. By 'advice' we mean a recommendation or opinion, written or verbal, about an investment product or strategy. The important difference between 'General' and 'Personal' advice is explained below. Further, whether you receive advice or not may change depending on your circumstances.

For example, if you provide us with sufficient details of your objectives, financial situation and needs, we may provide you with personal advice where agreed. However, if you do not provide these details we will only provide you with general advice and you will need to consider whether any recommendations are appropriate to you. Even if we have

given you personal advice in the past, future advice may be general. If you are ever unsure about what type of advice you are receiving please ask your advisor. Please see below, and refer to the Burrell Client Guide for further information about selecting your level of advice.

### Scope of advice may be insurance only

Advice and Information Pty Ltd T/A Bowtie Financial Services and Adrian McDonald specialise in providing life insurance advice. The advice provided to you may be limited to Life Products only. For broader advice, such as full wealth management advice, you may be referred to another adviser within the Burrell network. Where personal advice is provided, the scope of advice will be outlined in your Statement of Advice (SOA).

### Selecting your services and level of advice with Burrell

Everyone is different. Everyone has different needs, goals and ideas about where they want their investment strategy to take them. Together with your advisor (which in the case of wealth management advice may be someone other than Adrian McDonald), you'll make the decisions and work out which Burrell services are right for you. Please refer to the Burrell Broking Client Guide for information about the services and the level of advice you're looking for.

The services and level of advice Burrell offer are:

- Wealth Management
- Superannuation advice
- Portfolio advice
- General advice
- Execution only services
- Trading Advice (Limited advice)

For any advice and services provided by the BowTie man related to:

- Securities, including ASX listed shares and exchange traded funds
- Superannuation
- Managed investments schemes
- Retirement Savings Account
- Government Debentures, Stocks or Bonds
- Deposit and Payment Products, both basic and non-cash payment

Or any services or products as outlined above (refer page 4) provided by Burrell Broking, the Burrell Broking and Burrell Clearing FSGs apply in addition to this document. The Burrell Broking and Burrell Clearing FSGs are available at [www.burrell.com.au](http://www.burrell.com.au)

### General Advice or Personal Advice and acting in your best interests

'General advice' is giving you information that does not take into account your objectives, financial situation and needs, and it will be up to you to decide if the information we give is suitable for you. Here's an example of general advice:

You say to your advisor you are interested in ABC Co Ltd and we send you our research note, which carries a BUY

recommendation. In the absence of your advisor specifically recommending you buy shares in ABC Co Ltd, that recommendation is our general opinion of the company only, and you will have to decide whether to buy shares in it.

When providing 'personal advice', our advice will be tailored to suit your relevant circumstances. However, in order for us to do this, we require enough information about you to develop the personalised advice.

We will always act in your best interests and put your interests before ours. In providing you with personal advice we will follow a process that results in advice that is appropriate to your circumstances.

Therefore, we ask you to complete in full the appropriate forms in the Burrell Broking Client Guide that relate to the service you choose. Your advisor can assist you with this.

Personal Advice is provided along a continuous spectrum. All types of advice can be scaled, including complex issues. If you don't provide us with the information we require to scale our advice to your relevant circumstances, then our advice may not be appropriate and it will be your responsibility to decide if the financial product or service is suitable for you. Where you do not provide enough information for us to give personal advice, even scaled back, we can only give general advice.

If, at a later date, your circumstances (financial objectives, risk profile, or investment horizon) change materially, please let us know so that we can continue to provide advice best suited to your requirements.

### Selecting a portfolio service

We recommend that at a minimum, all clients participate in the Burrell Portfolio Service (PS). The PS service provides clients with regular portfolio summaries, and research that we consider is vital for adequate management of basic portfolios. The fees for the PS services are disclosed in the schedule below, noting all advice fees are charged on a retainer basis, unless agreed to the contrary

Where a client's circumstances indicate a more detailed portfolio strategy is appropriate, we will advise on which advice level and services best match the individual strategy

For example, the Burrell Premium Portfolio Service (PPS), or Burrell Individually Managed Portfolio Service (IMP), are suitable options for clients seeking a more detailed portfolio strategy. Your advisor can advise the specific fees applicable to you for these services, noting advice fees are on a retainer basis, unless agreed to the contrary

In addition, we can provide full or part financial planning services with our in house Financial Planners. Your advisor can advise the fees applicable.

### Burrell managed discretionary account services

Burrell Broking provides managed discretionary account (MDA) services called Burrell Individually Managed Portfolio service (IMP). Clients must enter into a separate MDA agreement with us, which we call IMP, to utilise the IMP

service.

An IMP agreement authorises us to make investment decisions on discretion and to manage your portfolio in accordance with a pre-agreed Investment Strategy.

As part of your IMP Agreement, you will receive an Investment Program presented as a Statement of Advice (SOA), which will comply with Part 7.7A of the Corporations Act. It will contain:

- Your Investment Strategy;
- The nature and scope of the discretion we are authorised and required to exercise under the IMP Agreement between us;
- Information about any significant risks associated with the IMP Agreement; and
- Why we believe that the IMP Agreement is suitable for you.

An IMP Account may not be suitable to you if you give us limited or inaccurate information about your relevant personal circumstances or may cease to be suitable if your relevant personal circumstances change significantly. As your financial needs change, your investment strategy may need to be modified. It is important for the success of the IMP Account that you communicate any changes in your personal circumstances to your Adviser.

IMP clients may give us specific instructions about their investment preferences, certain financial products or instructions in relation to corporate actions (e.g. proxy voting). We will only be obliged to comply with directions that we agree to in writing.

Your Adviser will review the IMP Agreement and your Investment strategy at least annually in light of your personal objectives, needs and relevant personal circumstances. A SOA will be issued to you if personal advice is given in respect of your account at that time.

As an IMP client you will have 24 hour access to our online reporting system. Therefore, we will not provide hard copy quarterly reports unless instructed in writing

We will provide you with an annual report about your investments.

Depending on the asset type, we may hold your assets in custody or register the assets in your name. However, you will remain the beneficial owner of all assets that are held by a custodian.

### Potential benefits

- The management of your portfolio is tailored to your individual needs by expert professional Advisers.
- Burrell Broking may take advantage of investment opportunities rapidly without difficulties, which may arise if you are not contactable.
- The Burrell IMP service may give you the opportunity to participate in placements by ASX listed companies.

### Potential risks

Before entering into an IMP agreement with us you should consider the risks associated with the services, which are outlined in the 'What about the matter of 'Investment Risk' and 'Investment Strategy'?' section of this FSG.

Some specific risks of the Burrell IMP include:

- The net value of your portfolio may fall as well as rise. You should make your own independent assessment of the investment merits of engaging Burrell IMP service for your portfolio.
- Part or all of the investments in your IMP Account may be invested either directly, or indirectly, in the stock market. By its very nature, an investment in the stock market entails both general market and company specific risks. While portfolio risk can be mitigated through diversification of stocks, general market related risk will still be present.
- The IMP Service is a discretionary service that involves the delegation to Burrell Broking with the ability to make investment decisions on your behalf without prior reference to you.
- The operation of the IMP Service may be affected by changes in the law.

Burrell Broking will act as your agent to exercise or not, all voting rights conferred on any of your investments in your IMP Account in such a manner as Burrell Broking may determine as being in your interests. Further, Burrell Broking will act as your agent over any security rights you have including, but not limited to, dividend reinvestment plans, share purchase plans, rights issues, takeover offers and priority entitlements.

### Non-limited Recourse Products and Facilities

Before entering into a MDA service arrangement with us, and at the time of each annual review by us, you will be required to acknowledge in the IMP Agreement and at each annual review that you have been provided with a warning regarding non-limited recourse products and facilities, and that you have consented to us acquiring, holding or disposing of those products or facilities on your behalf, if included in your investment strategy.

The non-limited recourse products or facilities can include loans used to acquire financial products (including margin loans), certain types of derivatives and certain types of capital protected products that require the payment of ongoing fees to retain the capital protection feature.

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

For example, if you use \$50,000 of your own money and

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

Because this is a non-limited recourse product or facility, you should understand that you can lose an amount greater than the current value of your investment, in which case you can be forced to dispose of the other assets and property you own (including your family home if it is in your name) to repay your loan. The level of leverage and risk in terms of an IMP that could be offered to you is unknown at this point because the requisite due diligence of your circumstances, needs and objectives has not been conducted and are not known, and hence the underlying product holding of your IMP is also unknown. However, where advice is provided to you in the form of the SOA, which involves non-limited recourse products and facilities, then the level of leverage and risk related to the non-limited recourse products and facilities will be fully disclosed to you in writing, in order for you to be able to make an informed decision as to whether to proceed with the IMP. It is particularly important to understand that, with certain derivative products, there can be the potential for unlimited liability.

Before proceeding with the IMP service, you should carefully read the IMP Agreement, including the SOA. It will provide you with important details about the IMP arrangement proposed for you, including but not limited to, the type of non-limited recourse products and facilities that we intend to use, the degree of leverage that may be employed in your IMP arrangement, and the means by which we will communicate with you should matters such as margin calls be triggered and information about our policy regarding closing positions at a loss in relation to each type of product.

### Fees

Please refer to the below fee schedule for information on IMP fees. The fees in this FSG are our current standard charges and are for standard services. What you may be charged will depend on the service level you choose, as discussed with your adviser, noting all IMP advice fees are charged on a retainer basis, unless agreed to the contrary.

This Financial Services Guide complies with the conditions of ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968.

### Who do we act for when providing dealing services?

When providing our dealing services, we will be acting as your agent as instructed by you. At times, we may even be acting as agent for another client who is the counterparty to your transaction (e.g. a sale of shares on market between clients). Rarely, we may act 'as principal' on our own account on the other side of a transaction with you – in such circumstances we cannot charge you brokerage. Your consent to these scenarios is granted when you sign the authorisations, terms and conditions in the Burrell Broking Client Guide and Account Application.

### Can you tell us how to buy or sell an investment?

You may specify how you would like to give us instructions. You may do this, for example, in person, by telephone, letter, fax or email.

### Burrell Broking Best Execution Policy

Your orders with Burrell Broking will be executed in accordance with our Best Execution Policy. With the introduction of Chi-X Pty Ltd as a market operator, and competitor to the Australian Securities Exchange (ASX), Australia has moved to a multi-market environment. The Australian Securities and Investments Commission (ASIC), as regulator of the markets, has developed new rules and regulations to deal with the issues brought on by the introduction of competition between exchange markets. These new rules called the Competition Market Integrity Rules introduce a new best execution obligation on market participants, such as Burrell Broking, in addition to our existing obligations. Under the new rules Burrell Broking has an obligation to obtain the best outcome for our clients when handling orders to execute trades on these new markets. This is known as our Best Execution Obligation.

For more information on how we comply with our Best Execution Obligation refer to our Best Execution Policy on our website, [www.burrell.com.au](http://www.burrell.com.au). A printed copy of our Policy will be provided to you on request.



## Other Documents you may receive from us

### Statement of Advice (SOA)

There are two types of advice, General (or Product) Advice and Personal Advice. The latter may trigger a SOA.

This will usually be given whenever we provide you with any advice that takes into account your objectives, financial situation and needs. The SOA will contain the advice, the basis on which it is given and other information about fees, commissions and associations that may have influenced the advice. This will be given before the advice is acted on, or in time critical cases, within 5 business days.

Where 'further advice' (FA) is given we will not usually provide another SOA. In these situations, details of the advice will be recorded and you have the right to request a copy of the advice up to 7 years after it has been given.

### Product Disclosure Statement (PDS)

If we make a recommendation to acquire a particular financial product (other than securities such as listed shares), or arrange the issue of a financial product to you, we will also provide you with a PDS. The PDS contains information about the particular product including the features, benefits, fees and risks associated with that product to assist you in making an informed decision. In some instances a prospectus may be issued rather than a PDS.

### Confirmation Notes

Confirmation Notes will be issued by Burrell Broking but will reference Burrell Clearing as the relevant Clearing Participant

## Your rights

### Do you get information about fees and other benefits we receive?

Yes. You have the right to know about fees, commissions and other material benefits Burrell Broking or your advisor receives. If we recommend a security to you, we will advise you of any material interest we may have in that security.

If we recommend a life product to you, we will also tell you if Burrell Broking has any associations with the relevant life insurer. The applicable charges will be disclosed in the Statement of Advice we provide to you, or if no such record is required, we will verbally disclose the applicable charges.

### Will we give you Personal advice, which is suitable to your investment needs and financial circumstances?

Yes. When providing personal advice your advisor is obliged by law to have a reasonable basis for making a securities recommendation, having regard to the information the securities advisor has about the person's investment objectives, financial situation and particular needs. As mentioned, to help us fulfill this obligation, we ask you to provide certain information to us in the Burrell Broking Client Guide and where appropriate complete a Financial Fact Finder.

Many clients have decided on an allocation to be made to buy shares and other listed securities at the time of contacting Burrell Broking. In this situation, our enquiries are directed at consideration of the type of shares, the risk and the appropriate strategy. In particular, are the funds to be invested in (a) a core portfolio, which may be actively or passively managed (b) small to mid-cap stocks, and / or (c) trading portfolio.

### What are the possible consequences of not providing this information?

Many clients do not require a full financial plan. However, in this instance, we are required by law to warn you that we will not be able to comprehensively review your financial situation, and that we will therefore be limited in our ability to make appropriate recommendations. In these circumstances, you will need to assess the appropriateness of our recommendations to your needs before acting on them.

Often clients only seek stock specific Information. In this situation, the client requests no portfolio review or financial plan.

## What about the matter of ‘Investment Risk’ and ‘Investment Strategy’?

We will explain the significant risks associated with investments and strategies we recommend. If you ever feel like you don't fully understand a risk, be sure to ask us to explain again. By ‘risk’ we mean the possibility that you will suffer some financial harm by investing or trading. Your preparedness and capacity to carry a particular level or type(s) of risk in pursuit of your investment strategy is a fundamental element of your financial circumstances.

This is a matter for you and your advisor to discuss in detail if you require Personal Advice. Risk must be considered when developing or reviewing your overall investment and wealth-creation strategy.

In general, all investments have associated risks. In general, the higher the return, the higher the risk to your investment. Two age-old rules should always be kept in mind: firstly, diversify your investments to spread rather than compound risks; and secondly, don't imprudently leverage yourself financially (i.e. don't overextend yourself). Generally, you should have a long-term outlook, expect investment markets to rise and fall, and consider how your need for investment growth or income may change.

Shares and other market traded equity securities or derivatives, in common with all other asset classes (e.g. real estate and government bonds), can decline in value as well as appreciate. The measure of this change in value is often referred to as volatility. The more the value varies over time, the more volatile the asset is and therefore the more risk involved in investing in it. On the other hand the less volatile an asset is, the less likelihood there is for any significant capital gain or loss from investing in that asset.

Equity securities and their derivatives are generally more volatile than other asset classes, however, the markets for other asset classes are not as efficient or transparent as ‘live’ markets (e.g. ASX Markets) in terms of the information available to investors and the process for continuously determining and making public the real market value of the particular asset.

For this reason the real volatility of those other ‘unlisted’ assets is often not fully appreciated.

The volatility of the returns from the shares in one company is significantly higher on average, than the variation in total returns from a diversified portfolio comprising of 15-30 quality shares. A diversified portfolio of 15-30 quality shares reduces concentration risk, that is, the risk of poor returns from having ‘all your eggs in one basket’.

In general, the main risks associated with investing or trading in equity securities can be categorised as follows. Other categories of risk may also be relevant to you. Please note

that the examples listed in each category are not exhaustive, as it is not feasible to do so.

- **Overall Market Risk** - This is the risk of loss due to movements in a stock market(s) generally. This can be caused by any number of factors including political, economic, taxation or legislative factors, such as changes in interest rates, changes of government, changes in taxation or superannuation laws, and international crises or natural disasters.
- **Domestic versus International Risk Factors** - The vulnerability of the listed issuer to international events or other factors affecting the markets for its products or services does influence the value of its securities. These would include movements in exchange rates, changes in trade or tariff policies and changes in other stock or bond markets.
- **Sector Specific Risk Factors** - These include falling demand for the product or services the listed issuer provides, weakening commodity prices, the economic cycle of industry, changes in consumer behaviour, lifestyle changes and changes in technology.
- **Stock Specific (i.e. particular to the financial product being considered) Risk Factors** - These include the ‘quality’ of the listed issuer’s directors, the strength of management and the significance of any key personnel, the profit history, the tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts, drill results, competition from within the sector, and whether the issuer already has a profitable business or whether it is exploring for recoverable resources or is developing a new product.

In addition to a core portfolio, investors may consider small to mid-cap stocks or trading. Listed companies with a total market capitalisation less than \$M500 are known as “small to mid-caps”. Although these companies can be considered ‘more exciting’ than larger cap stocks, the small to mid-cap sector on average is more volatile and so carries comparatively higher risk.

### Time Horizon

The period of time over which an investor seeks returns on their investment is referred to as the ‘time horizon’.

Investors with short time horizons (three months or less) are usually known as traders (i.e. they buy and sell securities with a view to benefit from short-term price movements). Short time horizons generally involve a high level of risk and uncertainty. A longer time horizon (over one year) generally involves a lower level of risk and greater certainty. In very general terms, the longer an investment is held the less volatile the returns will usually be.

The key to addressing these risks is understanding them and rationally modifying your investment (and/or trading) strategy accordingly. Understand what would happen to your investment if market conditions change quickly in an unexpected manner. The market price may move against you, but a loss is only crystallised when you actually sell.

Therefore, it is better to be in a position of selling when you wish to rather than because you need to.

### In broad terms, what are the alternative investment strategies available to me?

Looking beyond such fundamental strategies as diversification and not overextending yourself, and the need to remain rational and to avoid emotional attachment to any particular financial product or sector, your focus must turn to your financial goals and how you are going to achieve them. Consider the following investment objectives (or strategies):

- **Income** - You need an income stream, perhaps to meet your living expenses. You may also tend to avoid securities or other financial products which do not pay franked dividends or other forms of tax-effective distribution.
- **Growth** - A secure income stream is not necessary, as your income needs are met from other sources. However, you wish to achieve capital growth to provide a hedge against inflation, to accumulate wealth and/or to defer taxation. Securities which are likely to provide capital growth can also result in capital losses and in fact the securities with the greatest potential for growth may also have the greatest potential for loss in value.
- **Mix of Growth and Income** - Your needs may include both a secure income stream and some measure of capital growth.
- **Short Term Trading** - You wish to trade in shares or related derivatives with a view to profiting from short term movements in market price.
- Numerous trading strategies exist for investors to select from. Your advisor will assist and work with you to decide your interest in the three portfolios: core portfolio, small-mid caps and trading.
- **Mixture of the Above** – Financial products are to be acquired for each of the above purposes, and perhaps packaged with margin lending facilities or other arrangements to boost tax effectiveness.

The above may be focussed by use of particular derivatives or other specialised products.

### Other factors to consider when investing

#### Limitations of Research

The research undertaken by us is basically the opinion of specialist analysts. It can never be guaranteed, is only valid for a limited time and is often subject to market movements. For example, a recommendation for short-term investors to buy could turn into a recommendation to sell if the market price of a stock is appreciated by a small amount. For a long-term investor, this market movement may not be significant and so the recommendation may not change, even though it might with a larger movement.

The mere factor that a stock is recommended by an analyst, as a "Buy" does not necessarily mean that the stock is a suitable investment for you and you should consult with your client advisor before acting on any research report.

Neither us, nor any third party research provider, any affiliate, nor the content providers guarantee the accuracy, completeness, or timeliness of data or content contained in any research report or document.

Neither us, nor any third party research provider, will accept any liability for use or distribution of any research report or document.

#### Taxation issues

Tax obligations can have a profound impact on investment or trading strategies and returns. They are complex, tend to change and vary considerably depending on whether the topic is superannuation, capital gains, status as a trader, franked dividends or other tax-effective distributions, or the relative advantages of trust or company structures.

Burrell Broking can provide information or perspectives on tax issues but only in general terms. Burrell Broking is not a registered tax agent, but registered with the TPB as a company registered tax (financial) adviser. Any tax issues specific to your personal circumstances and investment objectives or strategy should be put to your registered tax agent.

## How are we remunerated?

Some clients prefer the traditional model of paying brokerage only on transactions. Our preferred model, offered to our portfolio clients, is a lower brokerage rate plus a modest asset fee based on the portfolio's value which forms a retainer for services. With proper portfolio management and performance measurement, our clients see the bigger picture and better understand their portfolio and how it's tracking.

We find the traditional broking model of charging a commission based solely on buys and sells often results in too many buys and sells with little focus on performance of the portfolio overall; often a 'hold' recommendation can be more valuable. And by not trading unnecessarily, we further minimise our clients' costs. Whichever way you look at it, your interests and Burrell's are aligned: we are both looking for an increase in the value of your portfolio.

Please refer to the enclosed "Brokerage, Commission and Service Charges" for our current and standard rates. These rates are also advised in the Burrell Bourse and the Burrell website [www.burrell.com.au](http://www.burrell.com.au).

Subject to any other arrangements, we charge the following types of fees:

- **Brokerage** - As a result of being a specialist private client firm, we are able to offer competitive brokerage rates to our clients, in addition to accepting small orders.
- **Investing in new securities issues** - We may receive fees from an issuing company when we lodge successful applications for securities in new issues.

Details are provided in the relevant prospectus or offer document.

- **Buying or selling units in managed investment funds** - Where authorised by you, we will receive an upfront fee of 2% of your application money, including additional contributions, for managed funds. Of this 2%, your individual advisor(s) will be paid a percentage agreed by you.

The *Future of Financial Advice (FOFA)* reforms changed commission arrangements from 1 July 2013. Generally, we are prohibited from receiving commissions paid from managed funds purchased after 1 July 2013. We may receive service, administration and other permitted fees from managed funds. Additionally, where we had an existing relationship with a managed fund, or managed fund provider, we may continue to receive commissions.

As a general rule, where an existing relationship exists, the manager will pay a commission to us out of the entry fee it charges for new investments. Commission rates may vary, so we will discuss this with you at the time we make a recommendation. Some fund managers also pay ongoing commissions to us out of their management fees.

- **Burrell Portfolio Services** -We charge standard brokerage plus Burrell Premium Portfolio Fees depending upon the level of service required. Your advisor can advise you of the specific fees applicable to you, noting that advice fees are charged on an ongoing retainer for services basis

#### How Burrell advisors are paid?

Our advisors are remunerated by way of salary and/or a percentage share of brokerage and permitted commissions earned by Burrell Broking from business written by the advisor.

#### How is Burrell Broking paid?

Burrell Broking is paid in accordance with the enclosed "Brokerage, Commission and Service Charges" schedule.

Additionally, Burrell has a fee sharing arrangement with Advice and Information Pty Ltd T/A Bowtie Financial Services and Adrian McDonald. Burrell Broking receives a percentage share of up to 5% of revenue.

#### How Adrian McDonald is paid?

Advice and Information Pty Ltd T/A Bowtie Financial Services and Adrian McDonald are remunerated by way of a percentage share of permitted commissions earned by Burrell Broking from business written by Adrian McDonald. A summary of the commission and fee splits are outlined below:

#### Commission and fee splits

##### Insurance products

The relevant insurer will pay initial commission between 0% and 60% and ongoing commission between 0% and 20% of the annual premium for as long as you hold the product.

Holders of insurance policies issued before January 2020 may have had higher commissions applies, these would be outlined in your SOA.

Advice and Information Pty Ltd T/A Bowtie Financial Services and Adrian McDonald may receive up to 100% of these commissions.

#### Brokerage

All brokerage is paid to Burrell Stockbroking Pty Ltd as licensee.

#### Investment Product Fees

Advice and Information Pty Ltd T/A Bowtie Financial Services and Adrian McDonald may receive up to 30% of permitted up front commissions.

#### Portfolio and Advisory Fees

Advice and Information Pty Ltd T/A Bowtie Financial Services and Adrian McDonald may receive up to 10% of permitted ongoing portfolio and advisory fees.

#### Fixed fee work

All fixed fees are paid to Burrell Broking as licensee. Burrell Broking will then pay Adrian McDonald up to 100% of fixed fees written by Adrian McDonald. Fixed fees will be advised by Adrian McDonald prior to the work commencing.

#### Commission and other benefits from third parties

Under the FOFA reforms, generally we are prohibited from receiving commissions paid from third parties after 1 July 2013.

Burrell Broking may receive commissions or other benefits from third parties in some instances. Further, we can receive 'non-commission' payments, such as service fees from third parties. Commissions and benefits will be disclosed to you in the event that we supply products or services to you to which they apply.

#### Referral Fees

Where authorised by you, Burrell Broking may pay a third party a fee for referring you to us. In some instances referral fees may not need to be authorised by you. Any referral fees will be disclosed to you in the event they apply.

Burrell Clearing will not be paid a referral fee for referring you to Burrell Broking.

# If you have a complaint

## Our Commitment

Burrell Broking is constantly striving to improve services to our clients. However, occasionally problems may occur. We are committed to handling any complaints quickly and fairly. Any complaints will be handled in the strictest confidence and we will try to resolve any problems promptly to your satisfaction. If you have a complaint, you can;

1. Raise the issue with your advisor.
2. If you feel uncomfortable about contacting your advisor with a complaint, or you have not received a satisfactory response to your initial complaint, please direct any queries to;

Compliance and Complaints Manager  
Burrell Stockbroking Pty Ltd  
GPO Box 1398  
Brisbane QLD 4001

3. If you still do not get a satisfactory outcome, you have the right to complain to;

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 780 808

This is a free service

Complaints may also be lodged with the Australian Securities Exchange on 131 ASX (131 279) or (02) 9338 0000, or the Australian Securities and Investment Commission (ASIC). ASIC has an Info line which you can use to make a complaint 1300 300 630.

## Compensation Arrangements

Burrell Broking has in place Professional Indemnity Insurance which satisfies the requirements of Section 912B of the Corporations Act. Depending on the circumstances the insurance will cover claims in relation to the conduct of representatives / employees who no longer work for Burrell Broking but who did at the time of the relevant conduct.

Burrell Broking considers our Professional Indemnity Insurance to be adequate, having regard to the following:

- Burrell Broking's maximum liability under the Australian Financial Complaints Authority of which Burrell Broking is a member;
- Volume and nature of Burrell Broking's business;
- Number and kind of our clients;
- The number of representatives and Authorised Representative we have.

If you require further information about our compensation arrangements please contact Burrell Broking's Compliance and Complaints Officer.

# Privacy Policy Summary Statement

## Collection and Disclosure

Burrell Broking collects personal information in its capacity as a securities and investment advisor. Information collected includes your name, Date of Birth, address, securities holdings, tax file number, bank account details, and details of your financial circumstances, needs and objectives, and your aversion and tolerance to risk. The primary purpose for collecting this information is to provide you with stockbroking and investment services and advice. Timely and accurate advice depends on the collection of this information. When necessary, we may also collect personal information from public registries.

Collection, maintenance and disclosure of certain personal information are governed and may be required by legislation and including the Privacy Act 1988, Corporations Act 2001 and certain rules such as the ASX Rules. Disclosure of your personal information will only be made for the purpose for which it was collected, or where you have consented to its disclosure, or where required by a regulatory or enforcement body.

You can access, correct and update the personal information that we hold about you by contacting our office. However, to ensure the integrity and safety of client's information, Burrell Broking will only disclose such information if our internal procedures are satisfied.

It is our responsibility to safeguard the data we collect from you, and we undertake to notify all affected persons if there is a data breach.

If you have a complaint in relation to Privacy, then you should contact our Privacy Officer by any of the methods details below. Details on how we handle complaints can be found in our full Privacy Policy. A copy of our full Privacy Policy is available on request or by accessing our internet site at [www.burrell.com.au](http://www.burrell.com.au)

## Contact Details

Privacy Officer  
C/- Burrell Stockbroking Pty Ltd  
Level 4 24 Little Edward Street  
Spring Hill, QLD, 4000

GPO Box 1398  
Brisbane, QLD, 4001  
Tel: 07 3006 7200  
Fax: 07 3839 6964  
Email: [info@burrell.com.au](mailto:info@burrell.com.au)  
Attention: Privacy Officer

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