



Financial Services Guide

The Corporations Act requires that all Australian financial service licence (**AFSL**) holders provide to retail clients a document known as a financial services guide (**FSG**) containing information about the licensee's services to assist investors in understanding and comparing the different types of investment advisory services available. This document is the FSG of CCZ Statton Equities Pty Ltd (**CCZ Statton**).

CCZ Statton is a trading only participant of the Australian Stock Exchange.

CCZ Statton can assist investors in making investments in:

- securities, including ASX quoted securities;
- Overseas securities
- government and semi government bonds, bank bills and corporate debentures;
- managed investment schemes;
- derivatives; and
- Superannuation

CCZ Statton provides stockbroking services which will include:

- research in relation to equities;
- wholesale equities dealing and related advice;
- retail equities dealing and related advice;
- execution only advice; and
- derivatives dealing and related advice.

CCZ Statton can provide general advice and personal financial advice to investors on:

- how to set up a share portfolio and the purchase and sale of shares generally;
- investment in cash, fixed interest and property, via listed property trusts;
- negative gearing of shares;
- superannuation, including Self- Managed Superannuation Funds;
- debt management
- retirement planning
- estate planning

Personal financial advice recommendations are delivered through a Statement of Advice (SOA) or Record of Advice (ROA). The document will be retained on file for seven years and the client can request a copy at any time.

CCZ Statton also reviews investments on a regular basis, and may (but is not obliged to) make appropriate recommendations based on changing circumstances in various markets. Through the provision of a wide range of facilities and through ongoing service, our aim is to enable investors to manage and control their own investments.

CCZ Statton is familiar with the requirements for dealing with equities related estate matters, having acted over the years for a number of solicitors in the valuation of estate assets and the transmission and/or sale of securities held by estates.

How CCZ Statton will give Advice

Scaled Personal Advice. When you contact an adviser at CCZ Statton he or she will presume that you have already made the decision to invest a particular part of your investible assets in equities, rather than some other asset class. If this is the case, CCZ Statton's advice will be scaled and limited to your existing share portfolio. You will be warned of this and advised to assess whether our advice is appropriate to your individual investment objectives, financial situation and particular needs. You should do this before making a decision on the basis of our advice.

You will be given some recommendation options in line with the CCZ Statton Investment Strategy. The CCZ Statton Investment Strategy (copy herewith) uses an investment process and research to identify superior businesses at reasonable prices and constructs portfolios with regard to adequate diversification and an appropriate split between blue chip and second line shares. This strategy has been built up over 30 years. It is up to you to decide whether our approach is appropriate to you and to choose the option which best suits you. You do not have to follow our approach if it does not suit you and, if you wish to do something else, your CCZ Statton adviser will follow your instructions.

In this way, you will have access to a professional fund manager's investment strategy on stock selection and portfolio construction. However, unlike a funds manager, you will only be charged brokerage on the actual transactions you undertake, not fees of 2% to 5% p.a. on all your funds. Also, unlike a funds manager, you will retain absolute control over the investment decision and, whilst having access to our advice, you will have the flexibility to do something else if you wish. We are here in the market every day as your eyes and ears so that you do not have to be.

Holistic Personal Financial Advice. If you have not made the decision to invest a particular part of your investible assets in equities, rather than some other asset class or you require assistance with this decision you should obtain advice from CCZ Statton's financial advice team. They will provide the full needs analysis of your investment objectives, financial situation and particular needs. This personal financial advice is aimed at maximising the probability of you achieving your personal and financial objectives.

Investor Rights

If, in giving you advice, we consider the make up of your portfolio, we are obliged to give you a Statement of Advice. Subsequently, provided that we have checked that your portfolio has not changed significantly, we are not obliged to give you a Statement of Advice, if, when giving you advice, we consider your portfolio. However, on these occasions, we must keep a record of any advice given and must provide you with a copy of that advice if you request it within 7 years of the advice being given. Any such requests should be directed to your adviser.

You will be advised about any interest of CCZ Statton and/or the adviser that may reasonably be expected to be capable of influencing a securities recommendation made to you.

Your adviser's name will be included on your contract note.

Associations

CCZ Statton does not have any associations or relationships which might reasonably be expected to influence any of its authorised services.

About my adviser

Your adviser acts on behalf of CCZ Statton who is the holder of Australian Financial Services licence no 239946. Under the Corporations Act, our primary responsibility is to you, our client.

How you can you communicate with us or give instructions?

You may communicate with us by phone, fax, and email or mail whichever is the most convenient. We generally require written confirmation of any instruction from you or any authorisation by you.

Email Orders

CCZ Statton accepts no responsibility for orders placed by email. If you do place an order by email and the adviser has not responded within 30 minutes, then ring the adviser.

Brokerage Rates for Scaled Personal Advice

Brokerage is negotiable depending on the size of the transactions undertaken and the advice delivered.

| Amount | Brokerage |
|---------------------|-----------|
| Up to \$8,000 | \$120 |
| \$8,000 to \$50,000 | Flat 1.5% |
| Over \$50,000 | Flat 1% |

Where a direct credit/debit authority is **not** in place, an additional order fee of \$15 per contract note will be charged.

Initial Public Offering and New Issues

Clients are not usually charge brokerage in connection with subscriptions for shares in floats, new issues and placements. However, CCZ Statton may receive handling fees/underwriting fees from the issuer. This fee will be disclosed in the prospectus or other documentation relating to the issue. If an issuer offers any incentive then it will be disclosed to the client.

Example;

If you apply for \$20,000 worth of securities in an initial public offering and the issuer is paying a 3% handling fee, then CCZ Statton will receive a \$600 placement fee.

Fixed Fee Structure for Personal Financial Advice

When personal advice is prepared, each client is unique and fees vary based on the time, complexity and level of expertise need to complete the advice. As a guide the advice will range from simple to complex in the tables below.

Our process to determine a fee is to review your circumstances and agree on the fee upfront through a Terms of Engagement Letter (TOE). Due to the nature, complexity and information that can be provided, we may not be able to supply a fixed fee. In that case, we will provide a fee estimate or range.

| Advice Type | Fee's From (Including GST) |
|--------------------|-----------------------------------|
| Investment | \$1,650 |
| Strategic | \$2,750 |
| Complex | \$5,500 |

Ongoing Advice - Retainer Agreements

Ongoing service fees are very often contained in a Statement of Advice. The fees vary based on time, complexity and expertise. The fees

| Ongoing Advice | Fee's From (Including GST) |
|-----------------------|-----------------------------------|
| Investment | \$2,200 |
| Strategic | \$3,300 |
| Complex | \$5,500 |

Clearing and Settlement

CCZ Statton will utilise the services of Pershing Securities Australia Pty Ltd (Pershing) for all clearing and settlement purposes. Pershing is a specialist provider of clearing services.

Address: GPO Box 5343, Sydney, NSW, 2001
 Telephone No: (02) 8999 4000

Pershing carries the settlement obligations for all transactions carried out by CCZ Statton and therefore your settlement obligations are owed directly to Pershing. This means you pay Pershing for share purchases and receive money from Pershing for share sales. When CCZ Statton accepts an order on your behalf you are deemed to have entered into an agreement with Pershing.

Under this agreement, if you fail to pay for shares you have bought or fail to deliver shares you have sold, Pershing will have direct rights against you, including rights of sale or purchase under the ASX Business Rules.

Trade Cancellation by ASX

Please note that ASX has the power, in circumstances where market integrity is at stake, to cancel or amend market transactions which have been executed.

Complaints

Should you have any complaint you should refer the complaint in the first place to your adviser. If the complaint is not dealt with satisfactorily, you should speak to Geoff Travers who is CCZ Statton's complaints manager. If the matter is still not resolved you may refer the matter to the Financial Industry Complaints Service (**FICS**), an independent complaints resolution organisation of which CCZ Statton is a member. A copy of the dispute resolution policy is available on request.

Professional Indemnity Insurance

We have Professional Indemnity Insurance cover which we believe is adequate to cover our financial services business. The insurance covers claims in relation to the conduct of our advisers even if they subsequently leave the firm.

General Risk Disclosure Statement and Guidance for Investors

Equity securities, in common with all the other asset classes (such as real property and bonds), can decline in price as well as appreciate. The measure of this change in price is often referred to as volatility, that is, the more the price varies over time, the more volatile the asset is and therefore the more risk involved in investing in it. On the other hand, in general, the less volatile an asset is, the less likelihood there is for any significant capital gain or loss from investing in that asset.

Share prices are generally more volatile than the prices of other asset classes. This is because the share market is highly liquid, that is, shares are able to be converted into cash quickly and easily. Liquidity of an investment is paramount but it does mean that shares fluctuate in price more than other assets. In contrast, the markets for other asset classes are not as liquid as the stock market, nor are they as efficient or as transparent. For this reason the real volatility of those assets is often not fully appreciated.

In general, the risks of investing in equities can be categorised in the following manner. Please note that the lists below do not purport to be complete, as it would not be feasible to list all the possible risks in each category.

- **Overall Market Risks:** The risk of loss by reason of movements in the share market generally. These can be caused by any number of factors including political, economic, taxation or legislative factors. Specific examples include changes in interest rates, political changes, changes in taxation or superannuation laws, international crises and natural disasters.
- **Domestic versus International factors:** The vulnerability of the company that issued the securities to international events or market factors. These would include movements in exchange rates, changes in trade or tariff policies and changes in other stock or bond markets.
- **Sector Specific Factors:** These would include demand for the product the company that issued the securities produces, commodity prices, the economic cycle of industry, changes in consumer demands, lifestyle changes and changes in technology.
- **Stock Specific Factors:** In relation to the company that issued the securities, these would include the company's directors, the strength of the company's management and the significance of any key personnel, the company's profit history, the company's tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts, competition from within the sector and whether the company already has a profitable business.

Limitations of Research

The research undertaken by stockbrokers is basically the opinion of specialist analysts. It can never be guaranteed, is appropriate only for a limited time and is often subject to market movements.

For example, for short term investors a buy recommendation could turn into a sell recommendation where the market price of a stock appreciated by a small amount. For a prospective longer term investor this market movement may not be significant, although a larger movement might be.

The mere fact that 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 own financial adviser before acting on any research report.

CCZ Statton employs three research analysts to cover and provide research in relation to approximately 70 companies.

In addition to self generated research, CCZ Statton uses a mixture of research subscription services – Morningstar and The Intelligent Investor - and has access to the earnings estimates and recommendations of Australia's largest brokers as published in Iress Market Technology.

Who is My Adviser?

The following advisers are authorised to provide advice to you: Geoffrey Travers, Cameron Williams, Todd Payne, Ian Cameron, David Hofman, John Zemek, John Peisley, Stuart Hudson, Michael Pegum, Michael Kenyon and Brian Chung.