



Madison Financial Group Pty Ltd

FINANCIAL SERVICES GUIDE

FINANCIAL SERVICES GUIDE (“FSG”) or the Legal Relationship

This Financial Services Guide contains important information about:

- The financial services available
- How we and our associates are paid
- Information you need to supply
- Any potential conflicts of interest we may have
- Our compensation arrangements
- How to make a Complaint
- What other information you need to know.

When we give you financial advice, it will be (a) in a written document called a *Statement of Advice* – where we take into account your current financial situation and future needs from information you provide or, (b) supplementary advice not in writing but in the form of a *Record of Advice* that can be requested from us.

In the Statement of Advice we will tell you about:

- our advice and the reasons for it
- our fees, commissions and remuneration details
- any associations we have with Financial Product Issuers
- any associations with other parties which may have influenced the advice we give you
- any warnings about the advice that you need to know about

If we recommend to you a particular financial product, we will give you information about that financial product in a document called a *Product Disclosure Statement* – to help you make an informed decision about the financial product.

Who is responsible for the financial services provided?

Madison Financial Group Pty Ltd (“Madison”) holds an Australian Financial Services Licence No 246679 and is licensed to provide financial product advice and deal in the following financial products including the distribution of this FSG:

- Deposit Products,
- Non-cash Payment Products,
- Government Debentures, Stocks and Bonds,
- Life Insurance Investments Products,
- Life Insurance Risk Products,
- Managed Investments,
- Securities,
- Retirement Savings Account Products,
- Superannuation.

Your adviser will be acting on behalf of Madison as an Authorised Representative when providing advice or dealing in the financial products listed above. Madison is therefore responsible for financial services your adviser provides on behalf of Madison.



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What financial services are available?

The type of services you receive will depend on your individual objectives, financial situation and needs. You can select from the wide range of financial services offered by Madison:

- Wealth Creation
- Retirement Planning Advice
- Gearing Strategies
- Personal and Corporate Superannuation
- Tax Effective Investments
- Personal Risk Insurance
- Business Risk Insurance
- Pensions
- Managed Portfolio Services
- Centrelink Planning Advice
- Cash Flow and Debt Reduction Strategies
- Portfolio Review and Ongoing Service

Madison offers both personal and general financial services. You should be aware that where advice has been given without due consideration to your individual objectives, financial situation and needs (general advice) or where your adviser has information that is inaccurate or incomplete, you must assess in light of your own individual circumstances, whether it is appropriate to act upon this advice.

Do we have any relationships or associations with Financial Product Providers?

Madison is not owned by any financial product provider nor do we have an ownership share in a product provider. Madison has arrangements in place with various administration platforms and these are discussed within the 'Conflicts of Interest' Section.

Are there any other relationships that may impact the services provided?

Madison is largely owned via a trust vehicle by a core group of the Madison Financial Group financial advisers – these advisers are called Foundation Members. Foundation Members will also be entitled to participate in any distributed Madison profits and may pass on such benefits to their employees and associates.

What related services are we not able to provide?

It is very important that you are aware that Madison Authorised Representatives are restricted in offering you a range of products and services for which we are licensed.

The restriction is limited to an 'Approved List of Products' and services determined by approved independent research and endorsed by our Professional Indemnity Insurer.

As part of the quality control of advisory services, Madison Authorised Representatives are only able to recommend products from an 'Approved List of Products' and Services that have attained approved research. If you have any product within your portfolio, including those from a previous Dealer/Authorised Representative, that fall outside the Madison 'Approved List of Products and Services', you must carefully determine whether the costs involved in changing these products outweigh any long-term benefits. Such non-approved products fall outside Madison professional indemnity Insurer policy.



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As some Madison Authorised Representatives also conduct separate business activities (i.e., Accounting, Taxation, Legal Advice, Mortgages, Business Finance and Super Fund Administration), these services fall outside Madison Professional Indemnity insurance policy. You should therefore determine from your adviser if any such additional related products or services provided at the same time are covered by separate Professional Indemnity Insurance cover.

Please discuss any issues with your Authorised Representative or call Madison direct on (02) 9930 8888.

What should I know about any risks of the investments or investment strategies recommended to me?

It is important for you to understand and accept the various risks associated with the investments and strategies recommended. Your Authorised Representative will explain any significant risks associated with your recommendations and you should ensure that you understand how those risks may affect your portfolio. You should read 'Investment Risks (Profiles)', 'Risks you Need to Know About' and 'Investment Considerations' contained in the document titled 'Important Information'.

What information do I need to provide to you?

You need to provide us with accurate data concerning your personal objectives and goals and details of your current relevant personal and financial situation before we can make an appropriate recommendation to you. However, you do have the right not to divulge this information if you do not wish to do so. In this case, we are required to warn you about the possible consequence of not providing us with your full and accurate personal information. You should read the warning carefully before proceeding with any recommendations made.

Also, the Anti-Money Laundering and Counter Terrorism Financing Act 2006 requires reporting entities, like Madison, to have in place programs and mechanisms for the monitoring of both new and existing client activity and the reporting of any suspicious matters. One of the main requirements of the Act is that you may be required to be "identified" before a designated service under the Act can be provided to you. What this means is that you may be required to produce documentary evidence to confirm your identity. Your representative will explain the requirements to you when appropriate.

What information do you maintain in my file and can I examine my file?

We maintain a record of your personal profile including details of your objectives, financial situation and needs. We also maintain records of any recommendations made to you.

We are committed to implementing and promoting a privacy policy, which will ensure the confidentiality and security of your personal information. Our Privacy Policy is set out below.

In order to comply with the requirements of the Privacy Act, we are required to advise you that this firm holds personal information about you. The information has been and will continue to be collected by us for the purpose of providing you with financial services including:

- preparation of your financial plan;
- provision of financial services advice to you;
- making securities and investment recommendations;
- reviewing your financial plan, securities and investment recommendations;



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We are required, pursuant to the Corporations Act, certain regulations issued by the Australian Securities and Investments Commission and the Rules of Professional Conduct of the Financial Planning Association of Australia Limited, of which this organisation is a member, to collect information about you for the purpose of providing you with the services referred to above. If you do not provide us with the information requested by us, we may not be able to provide you with the services you require of us.

During the advisory process, it may be necessary for us to collect and include your tax file number on any investment document lodged with the respective investment service provider. The consequence of not including your tax file number on any investment document is that you will be taxed at the highest marginal tax rate. If you do not want us to retain your personal tax file number within our confidential file system, you must advise us so that we can delete it from our records. Consequently by not asking us to delete your tax file number, we take it as your permission to retain such a record on our file for future purpose until otherwise advised.

Under the new Anti Money Laundering & Counter Terrorism Act, all Authorised Representatives are required to undertake due diligence in determining customer identification for new clients. In most cases, this is by way of the production and recording specific details of primary documentation like your drivers licence, passport or your birth certificate. An AFS Licensee is required under the Act to report a 'suspicious' financial transaction to AUSTRAC should it ever occur.

We will from time to time disclose information about you to authorised representatives of this firm and to other professionals, insurance providers, superannuation trustees and product issuers in connection with your investments detailed above. In the event we consider it necessary to use or disclose information about you for purposes other than those detailed above or related purposes, we will seek your consent.

You are entitled to obtain access to the information which we hold about you at any time by contacting your Authorised Representative personally or contacting Madison on (02) 9930 8888.

How can I give you instructions about my financial product/s?

You may tell us how you would like to give us instructions. For example, by telephone, fax, email, electronic or any other means agreed to.

If we provide you with execution related telephone advice, you may request a record of the execution related telephone advice, at that time or up to 90 days after providing the advice.

How will I pay for the services provided?

As a result of placing investments, the Authorised Representative may either decide to charge a Financial Planning Advice fee, receive commissions, or a combination of both by agreement with you. Details of the adviser's remuneration will be provided to you before you commit and clearly explained by the adviser. All payments of fees should be by cheque and made payable to 'Madison Financial Group Pty Ltd' or by any agreed electronic transfer means to Madison.

We will give you a *Statement of Advice* containing details of our fees and any payments made to us by financial product issuer/s.



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It is important for you to have a clear understanding of how we are remunerated for the work we do, who pays us and how much. Under financial services legislation, all fees and commissions must be paid through the Licensee.

How are any commissions, fees or other benefits calculated for providing the financial services?

The fee charged for the service provided may be a flat rate or it may be based on the amount invested and/or an hourly basis. The adviser will discuss and agree the precise calculation of the fees with you before any costs are incurred.

Commissions we receive may be based on the amount you pay. It may vary from one financial product issuer to another. Authorised Representatives typically receive between 0%-12% (including GST) up-front commission, based on the amount of the funds invested. Some financial product issuers also pay us an ongoing commission (often called a trail commission) which is payable for the length of time you are invested in the product. The level of trail commission is typically 0%-2% (including GST) based on the funds invested.

If you purchase a risk insurance product, the up-front commission is a percentage of the insurer's base premium. The typically amount of commission for a risk insurance product is between 0%-130% for the first year and 0%-25% from the second year ongoing while you hold the product.

Details of the payment commission we receive are contained in the Product Disclosure Statements for most financial product issuers available from your Authorised Representative who can give you full details. See also details under Madison Licensee Payments below.

Your Authorised Representative will tell you in writing in the *Statement of Advice* what fees we may charge you, when you have to pay, and what payments we may receive from the financial product issuer.

- We may be paid by the financial product issuer at the time you invest or contract, and during the life of your investment or contract.
- We may charge you a fee, depending on the time we spend developing your plan, or depending on the value of the funds you invest.
- We may invoice you for a fee when you receive our written recommendations.
- You may have to pay us a management fee annually or in instalments.
- We may receive ongoing payments from the financial product issuer.

Conflicts of Interest - Do you have any relationships or associations with financial product issuers?

Madison has a Conflicts of Interest policy in place to continuously monitor any potential conflicts of interest that may arise. Any conflicts arisen that are relevant will be disclosed to you.

Madison Licensee Payments

Licensee payments include such terms as rebates, value participation schemes, administrative and marketing fees etc from a number of its approved and preferred administrative platform/s or product providers in terms of percentage (%) basis points on the amount/s individually invested for various marketing and related services.



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These payments are paid out of the administrative platform/s or product provider's own administrative fees and are not an additional payment from your (the investor's) account. Madison constantly reviews the services of the platform/s and providers we actively support to ensure they remain highly competitive across a number of parameters including pricing, functionality and service delivery.

These Licensee payments assist to offset the operational expenses incurred by Madison in maintaining administrative and compliant services to its Authorised Representatives (your Adviser) network, and those businesses that operate under its Australian Financial Services licence.

Similar to other businesses, the corporate structure of Madison business affords all Authorised Representatives the opportunity to participate in shareholder dividends where they become payable. The dividend arrangement is that up to a maximum of 25% of profits can be allocated to Pharos, (an entity associated for management and administrative services to Madison), and 75-100% to the Advisers and management (of Pharos & Madisons).

These Licensee payments are received from; MWrap (BT Badged), APA, AIOFP (Asgard), First Choice (Colonial First State), Asgard Retail, Beacon, Rural Funds Management, Ralton, Aviva Risk, ING Risk, AXA Risk, Asteron, NAB Capital Guarantee, Gunns Limited, Great Southern Plantations and Timbercorp Limited. From time to time, these administrative platform/s and product providers may be removed or others included according to the ever changing services and products being made available to the industry and their competitive position.

An example of the scale of Licensee payments received are as follows;

| Platform/Provider | Payments received % | Eg \$10,000 invested |
|------------------------|-----------------------|-------------------------|
| Admin Platform/s | From .052% up to .43% | From \$5.20 up to \$43 |
| Investment Products | From .043% up to .45% | From \$4.30 up to \$45 |
| Risk Products | From .000% up to 5% | From \$0.00 up to \$500 |
| Structured Products | From .020% up to 1% | From \$2.00 up to \$100 |
| Tax Effective Products | From 2% up to 5% | From \$200 up to \$500 |

For example, if you had \$10,000 invested for a year in an investment product for which the licensee payment was 0.40%pa, the annual payment to the Madison group is \$40 (0.40% of \$10,000) and is paid long as you hold that product. All remuneration amounts are GST inclusive.

Alternative Remuneration

Madison and/or Representatives may receive and retain remuneration in respect of such services, by way of fees, travel and accommodation, advertising subsidies, reimbursement of costs and other benefits from time to time. These fees may be either wholly or partly paid to Madison and/or Representatives in the form of additional remuneration or benefits and may vary from time to time. If you want more specific information about this matter, please raise it with your Madison Representative or contact Madison direct on (02) 9930 8888.





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Personal Interest in Admin Service or Securities

Madison, its Directors, Officers and/or Representatives from time to time may have an interest as defined in the Corporations Act in the securities, master trust or wrap account provider of the company/ies recommended, or its related individuals may hold an interest in or receive brokerage from such securities or account service providers. Your Authorised Representative will provide those details to you.

Will anyone be paid for referring me to you?

Where you have been referred to us by someone else, and if we pay them a fee or commission in relation to that referral, we will tell you in the *Statement of Advice* who will receive that fee or commission and the amount they will receive.

What compensation arrangements do you have in place?

It is a requirement of the Corporations Act that Australian Financial Service Licensees must have arrangements in place for compensating retail clients for losses they suffer as a result of a breach of the Corporations Act or Corporation Regulations by the Licensee or one of its Representatives or Authorised Representatives.

In meeting this obligation, Madison has affected Professional Indemnity Insurance for itself, its Corporate Authorised Representatives, Authorised Representatives, and its Representatives. This Professional Indemnity Insurance does not cover the work or conduct of Madison, Authorised Representatives or employees who no longer work for Madison, but who did at the time of the relevant work or conduct. Madison recommends that ceased Representatives obtain their own ongoing cover.

What should I do if I have a complaint?

Madison is committed to providing a high level of client satisfaction and maintaining our reputation for honesty and integrity. If we have failed to meet your expectations we would like you to tell us about your concerns. Madison is committed to resolving any client concerns and we have established internal complaint resolution procedures that aim to deal with any complaints quickly and fairly. Your complaint may be lodged either verbally or in writing and will be dealt with in strict confidence. Should you have a complaint please contact your Financial Adviser to discuss your complaint.

If your complaint is not satisfactorily resolved within 20 days, please contact the Risk & Professional Standards Manager on (02) 9930 8888 or put your complaint in writing and send it to PO Box 2129, North Sydney NSW 2059 as noted at the beginning of this Financial Services Guide. We will try to resolve your complaint quickly and fairly as possible.

What if I am not satisfied with the solution provided by Madison?

If we cannot reach a satisfactory resolution within 45 days or 90 days with your permission, you have the right to complain to the Financial Ombudsman Service at GPO Box 3, Melbourne VIC 8007 or Facsimile (03) 96136399. Their toll free telephone number 1800 78 0808. Madison is a member of this service and the Financial Ombudsman System (FOS) is a free service to you.

What happens if I or you terminate the relationship?

If for some reason you or we need to sever the professional relationship, (i.e. you move interstate or overseas) you can transfer your investment portfolio to a new licensed adviser of your choice. In these circumstances, it is the responsibility of the new Licensee/Adviser to ensure that the account



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is properly transferred from us. We will however assist you in transferring your account.

We will return to you any original documentation provided you during the relationship and a copy of your investment portfolio at your request. Where you do not already have a new Licensee/Adviser we will refer you to the Financial Planning Association of Australia Limited for a list of registered Adviser/s in the nearest locality to you.

From our part, we expect that any outstanding documentation and fees owed to us are finalised before your account is transferred.

WHAT ELSE YOU NEED TO KNOW?

Your Personal Circumstances

In accordance with the Corporations Act, our advice within your *Statement of Advice* is prepared on the basis of information that you have provided to your Authorised Representative. If you believe that we have misinterpreted this information, or that some relevant information has been overlooked, it is your responsibility to bring this to our attention before proceeding with our recommendations. This company accepts no responsibility if the information you have supplied is in any way incomplete, inaccurate or incorrect.

Product Performance

Neither Madison nor its Representative do not and cannot warrant or guarantee the financial performance or stability or security of any investment, trust or investment company herein recommended.

Personal Statement of Advice

Your *Statement of Advice* is prepared solely for your use, the person to whom it is addressed, and this company does not accept any liability whatsoever to third parties.

Taxation / Centrelink Advice

Whilst every effort has been made to include relevant tax and social security considerations, you are advised to discuss your annual tax liability and the tax and social security implications of with your accountant, tax adviser and/or Centrelink as any estimates contained herein are intended as a guide only. All representations, facts and opinions are made by Madison in good faith, but Madison shall not be liable for damages or in any other way for misrepresentations, facts and opinions except in any case where liability cannot be excluded pursuant to any law.

Time Limitation

As economic and market conditions are constantly changing, the recommendations made in our *Statement of Advice* are only valid for sixty (60) days from the date of presentation with the exception of any extraordinarily event. To ensure that our *Statement of Advice* Report or plan remains suitable to your needs, we recommend a review and if necessary a revised plan be prepared after this time limitation has elapsed.

Record of Advice

On an ongoing basis, a Record of Advice (RoA) may be available instead of a SoA, if there have been no significant changes in your personal circumstances or the basis of the advice has not significantly changed since your last SoA was provided. You have the right to request a copy of your RoA, free of charge, at any time within 7 years of being provided with the advice.

Note: The FSG is only complete when accompanied by an Adviser Profile.