



## **Brite Advisors Pty Ltd**

ABN 35 135 024 412

AFSL No. 337670

### **FINANCIAL SERVICES GUIDE**

This Financial Services Guide (FSG) is dated 02<sup>nd</sup> October 2009 and is provided to you by Brite Advisors Pty Ltd (Brite Advisors, we, our, us) to inform you of the financial services provided by us and to comply with our obligations as the holder of an Australian Financial Services Licence (AFSL No 337670).

This FSG is meant to assist you to decide whether to use our services and to explain:

- who we are
- what financial services we provide and the products to which those services relate
- what our responsibilities are and what type of advice we give
- how you can instruct us
- what you can expect to pay for the financial services
- what remuneration and other benefits may be paid to us, our employees or others
- what to do if you have a complaint, and how it will be dealt with
- for what purpose we use your contact data
- how you can contact us

This FSG contains only general information about the services we offer. If you still have any questions after reading this FSG, please contact us. Our contact details are listed at the end of this document.

## WHAT OTHER DISCLOSURE DOCUMENTS AND STATEMENTS WILL I RECEIVE?

If we do provide you with personal advice or further assistance in selecting products or services having regard to your particular circumstances and needs, we will, where we are required to do so under the law, issue you with a Statement of Advice (SoA) that will set out the personal advice we have given you, including any recommendations we offer along with our rationale for our recommendations and information about any fees, commissions, associations or relationships which might influence the provision of that advice.

If we provide to you a SoA, we may provide further advice to you after we have given you a SoA. If we have not provided you with a record of the further advice you may request, either verbally or in writing, a record of further advice within 7 years (or as prescribed by law) of us providing the further advice.

Generally, where we arrange for the issue of a financial product to you, you will receive a Product Disclosure Statement (PDS) or other relevant disclosure documents that include information about the product so that you can make an informed decision whether to acquire the product. It would include any relevant terms, significant risks and costs associated with the supply of that financial product.

## HOW YOU CAN INSTRUCT US AND YOUR OBLIGATIONS?

We will accept order instructions via telephone, email or facsimile.

You must check and confirm with us that orders sent via fax or email, have in fact been received by us.

You must review any confirmation or statement we send to you immediately upon receipt to ensure its accuracy and report any discrepancies to us.

If you have opened a Managed Discretionary Account with Brite Advisors you will be able to contact us by telephone, email or facsimile to provide instructions relating to your portfolio assets or any corporate actions.

## WHO ARE WE AND WHAT SERVICES ARE WE AUTHORISED TO PROVIDE?

Brite Advisors holds a current Australian Financial Services Licence (AFSL) No 337670 which authorises us to provide advice on and deal in the following classes of financial products:

- Basic deposit products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;

- Life products including investment life insurance products and life risk insurance products;
- Managed Investment Schemes including IDPS;
- MDA Services;
- Retirement Savings Accounts;
- Securities; and
- Superannuation.

We act on our own behalf when providing a service to you. We act under our own AFSL when we provide services to you. We can offer our services to both retail and wholesale clients. Brite Advisors has been operating as a financial services provider since October 02<sup>nd</sup> 2009 and has offices in Australia, Hong Kong and Dubai.

### WHAT INFORMATION DO WE OFFER TO YOU, AS OUR CLIENT?

We can offer you factual market data and information, including general advice, regarding those products and services our AFS Licence permits us to provide. The products on which we may provide this information include:

- ETFs traded on approved exchanges around the world
- Options on ETFs traded on approved exchanges around the world
- Options on securities traded on approved exchanges around the world
- Securities traded on approved exchanges around the world

### WHAT ARE OUR RESPONSIBILITIES AND WHAT TYPE OF ADVICE DO WE GIVE?

#### Managed Discretionary Account (MDA) Services

In the case of MDAs, the advice provided is a function of taking into account one or more of your objectives, financial situation and/or needs. In order to do this, you will be required to answer a number of questions relating to your financial position and risk profile. These questions will form part of the Managed Discretionary Account Application Form. Upon receipt of your completed form Brite Advisors may contact you to further assess your suitability to open a MDA. Any material changes in your circumstances must be disclosed to Brite Advisors as they occur so that Brite Advisors may assess whether the Investment Program included in your MDA Contract continues to be suitable for you.

For more details please refer to the Annexure titled 'Managed Discretionary Account Services'.

#### Financial Planning Services

Brite Advisors will provide clients with expertise and professional service in the market. It and its representatives will take all necessary steps to understand your needs and to develop strategies that meet your financial and lifestyle needs.

More specifically, Brite Advisors will tailor strategies for your situation to help you make informed decisions in relation to your financial future in the following areas:

- Superannuation – Help you plan for a secure and comfortable future.
- Investment – Help you understand the different asset classes by calibrating the right mix of defensive and growth investments and above all, manage the investment risk.
- Insurance – Assist you with understanding the importance of holding the right personal risk cover to help meet basic living expenses should the unforeseeable happen. Further, assist you with understanding the various insurance policies and considerations such as policy ownership to find the appropriate mix of cover to suit your needs.
- Retirement – Assist you in creating strategies that allow you to gradually ease into retirement without compromising how you live.

Brite Advisors will provide ongoing advisory services, including regular portfolio reviews.

### DETAILS OF ASSOCIATIONS OR RELATIONSHIPS WE HAVE WITH PRODUCT ISSUERS OR RELATED BODY CORPORATES THAT MAY INFLUENCE US WHEN PROVIDING SERVICES TO YOU?

Brite Advisors has a relationship with the Third-Party Service Providers it may introduce you to for the provision of dealing services which includes execution and clearing services and holding client funds. These relationships in no way influence the provision of financial services by Brite Advisors to you.

### THE COSTS, REMUNERATION AND OTHER BENEFITS THAT MAY BE RECEIVED BY US, OUR EMPLOYEES AND OTHERS

- Transfer fee of up to 1% per annum over 5 years
- Management fee of up to 1% per annum

#### MDA Services

Managed Discretionary Accounts with Brite Advisors may be subject to the following fees:

- Brokerage charged by the third-party service provider as the case may be
- MDA Fees which are charged by Brite Advisors and comprise of an execution and clearing levy of 10bps

Our directors, employees, representatives and authorised representatives may in turn be remunerated on a commission basis for the services provided to you. Their remuneration is

included in the commissions discussed above. Where your business has been referred to Brite Advisors or your trade instructions require the use of a third party, Brite Advisors may be required to share a percentage of the commission or other charge with other parties.

Payments to directors, employees, representatives, authorised representatives and referral agents will only be paid if they are authorized by you.

### IF YOU HAVE A COMPLAINT, HOW IT WILL BE DEALT WITH?

If you wish to make a complaint, the Credit and Investments Ombudsman can be contacted on 1800 138 422 or by email (see details below). Brite Advisors has a formalised client complaint resolution procedure. All complaints are reviewed and investigated by our Internal Compliance Committee. If you make a complaint, our first response will be to contact you to discuss the complaint and to register a formal record of such complaint. We will try to resolve your complaint quickly and fairly.

If, despite our best efforts, you believe your complaint has not been satisfactorily dealt with, we offer clients the use of an independent industry arbiter, namely, the Credit and Investments Ombudsman (CIO). Brite Advisors has agreed not to contest a final resolution from CIO.

You can contact CIO via email on [www.cio.org.au](http://www.cio.org.au)

In accordance with Regulatory Guide RG126, Regulatory Guide RG179 and Section 912B of the Corporations Act 2001, Brite Advisors has Professional Indemnity Insurance in place which covers the work done for it by its representatives and employees.

### FOR WHAT PURPOSE DO WE USE YOUR CONTACT DATA.

Privacy is an important issue for us and we are committed to ensuring full compliance with Privacy Act requirements.

The personal data that we collect from you will only be used by us to assist in the planning of marketing proposals, education seminars and provision of general product advice to clients.

How you can contact us?

Net: [www.brite-advisors.com](http://www.brite-advisors.com)

Email: [info@brite-advisors.com](mailto:info@brite-advisors.com)

## ANNEXURE: MANAGED DISCRETIONARY ACCOUNT SERVICES

### WHAT IS A MDA SERVICE?

A MDA service is a managed investment scheme and a facility for making a financial investment that has the following key features:

- client's give to the MDA Provider i.e. Brite Advisors, access to money or money's worth (client contributions);
- Brite Advisors has the discretion to invest in financial products using client contributions without prior reference to the client for each transaction;
- each client agrees with Brite Advisors that assets derived directly or indirectly from that client's contributions are managed as a discrete portfolio belonging to the client; and
- each client has an understanding that they will derive benefits from the MDA service, including benefits from Brite Advisors' expertise in investment selection and other services offered as part of the MDA service.

Your Adviser, being a representative of Brite Advisors (as disclosed in the MDA Contract that you have signed with Brite Advisors) will be responsible for reviewing the Investment Program once every 12 months.

Where your relevant personal circumstance have changed you will be responsible for informing either Brite Advisors, or your Adviser (as disclosed in the MDA Contract that you have signed with Brite Advisors) will review the Investment Program and MDA Contract to ensure it remains suitable for you.

### WHAT IS THE MDA CONTRACT?

In order to provide you with MDA services you need to open an MDA. To open an MDA you must enter into an "MDA Contract" with Brite Advisors before the MDA service can be provided.

The MDA Contract will include an Investment Program that is prepared in accordance with the requirements in Division 3 of Part 7.7 of the Corporations Act (ie. provision of personal advice to retail clients and Statement of Advice) and Division 2 of Part 7.7A of the Corporations Act (ie. best interest obligations). The Investment Program will contain the following information:

- the nature and scope of the discretions Brite Advisors will be authorised and required to exercise under the MDA Contract and any investment strategy that is to be applied in exercising those discretions;
- any significant risks associated with the MDA Contract;
- the basis on which Brite Advisors considers the MDA Contract to be suitable for the client; and
- warnings about the MDA Contract, such as:

- it may cease to be suitable for the client if the client's relevant circumstances change; and
- it may not be suitable for the client if the client has provided Brite Advisors with limited or inaccurate personal information about the client's relevant circumstances.

## WHO HOLDS THE LEGAL TITLE TO YOUR PORTFOLIO OF ASSETS UNDER AN MDA?

The client opens an MDA in their own name and thus, holds the legal title to the portfolio of assets.

Your funds and assets will be held with the Third Party Service Provider in either a Clients' Segregated Account or a Trust Account. The Third Party Service Provider nominated by Brite Advisors provides dealing services to the Client, which includes execution and clearing services and holding client funds.

## RISK DISCLOSURE

There are risks associated with an investment via an MDA, of which not all can be outlined. Investment via the MDA may not be suitable for all investors. There can be no assurance that the MDA will achieve its investment objectives. Each prospective investor should carefully review the MDA Contract and carefully consider the risks before deciding to invest. Accordingly, in evaluating the merits and suitability of an investment in the MDA, careful consideration should be given by prospective investors to the following risk factors. This section does not purport to be an exhaustive list of the risks involved in investing in the MDA.

- General Economic Conditions and Market Risks – The MDA's operating and financial performance may be influenced by a variety of general domestic and international economic factors and business conditions which are outside the control of the MDA Provider. These include changes in the inflation rate, commodities prices, exchange rates, interest rates, the government and government fiscal, monetary and regulatory policy, natural disaster and acts of terrorism.
- Industry Risk – There are a number of industry risk factors that may affect the future operational performance of the MDA. These factors are outside the control of the MDA Provider. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.
- Financial Market Volatility – A fall in global or Australian financial markets or the rapid change in the value of the Australian dollar against other major currencies may discourage investors from investing in financial markets. This may have a negative effect or a positive result on the price of the financial products in the MDA, however these factors are taken into account when taking a trade.
- Leverage Risk – Where possible by law, your MDA may be operated based on a notional value, i.e. leverage is being used, either through various financial instruments or borrowing capital, to increase the size of your MDA. If leverage is used to make an investment and the

market moves against your position, your loss is much greater than it would have been if the investment had not been leveraged. In general, leverage magnifies both gains and losses.

- Financial Market Liquidity Risk – The MDA may invest in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts) or expensive for Brite Advisors to liquidate positions against which the market is moving. Alternatively, it may not be possible in certain circumstances for a position to be initiated or liquidated promptly (in the event of insufficient trading activity in the relevant financial product).
- Exchange Rate Risk – Investment in a MDA must be converted to Australian Dollars. Accordingly, investors other than Australian nationals should be aware that exchange rate fluctuations could cause the value of the investment to diminish or increase. In addition, the price of any financial products traded on international markets and, therefore, the potential profit and loss therein, may be affected by any variance in the foreign exchange rate between the time the order is placed and the time it is liquidated, offset or exercised.
- Diversification – the MDA may be less diversified than portfolios operated by other investment managers, as the MDA is likely to be concentrated in a limited number of financial products, to maximize the investment strategy. The fundamental and technical performance of a financial product and its associated factors are taken into consideration when trading and investing.
- The MDA Provider – The profitability of the MDA is dependent on the MDA Provider's successful implementation of the investment strategy set out in the Investment Program. There can be no guarantee that the investment strategy will be realised.
- Licensing Requirements – The ability of Brite Advisors to continue to manage the MDA in accordance with this MDA Contract and the Corporations Act, is dependent on Brite Advisors maintaining its AFS Licence. Maintenance of its AFS Licence depends, among other things, on Brite Advisors, its Representatives and its Authorised Representatives continuing to comply with its licence conditions and the Corporations Act.
- Tax Considerations for Investors – There may be tax implications arising from the receipt of profit from the MDA. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.
- No guarantee can be given in respect of the future earnings of the MDA or the capital appreciation of the client's investments. The price of investments that the MDA has purchased in the MDA can fall as well as rise over time. Further, no assurance can be given that the strategies employed by the MDA Provider in the past to achieve attractive returns will continue to be successful, or that the return will be similar to that achieved in the past.
- Brite Advisors makes no representation as to any return that investors will earn via the MDA and there can be no assurance that the target performance information, set out in the Investment Program, will be in any respect indicative of how the MDA will perform (either in terms of profitability or low correlation with other investments) in the future.
- Despite achieving the track record attached or outlined as a schedule to the MDA Contract or on Brite Advisors' website, the said track record is un-audited and not representative of any one client's account.



- The performance of the MDA will be affected by charges relating to the investments. Typically, high portfolio turnover may result in correspondingly high transaction costs and the exact amount of brokerage and related transaction costs that will be incurred will depend upon a number of factors, including the nature and frequency of the market opportunities presented, the size of transactions and the transaction rates in effect from time-to-time. Refer to information in the Disclosure of Fees and Commissions outlined in the Statement of Advice – Investment Program.
- The placing of contingent orders (such as a “stop-loss” order) may not always limit the Client’s losses to the amount the Client may want. Market conditions may make it impossible to execute such orders.
- Brite Advisors may employ certain strategies that depend upon the reliability and accuracy of the analytical investment processes. To the extent such investment processes (or the assumptions underlying them) do not prove to be correct, Brite Advisors may not perform as anticipated, which could result in losses.
- Identification and exploitation of the investment objective to be pursued by Brite Advisors involves a high degree of uncertainty. No assurance can be given that Brite Advisors will be able to locate suitable investment opportunities in which to deploy all of the allocated assets.
- As MDA investing is not carried out on a “pooled” basis, but rather is separated as discrete portfolios, individual account balances and portfolio valuations may vary substantially in comparison to other MDAs.
- Inaccurate and incomplete relevant personal information provided by the Client may result in investments in financial products that are not suitable to the Client’s needs.

## OUTSOURCING ARRANGEMENTS UNDER THE MDA SERVICE

Brite Advisors has outsourcing arrangements in place with third party service providers that are responsible for the provision of dealing services which includes execution and clearing services and holding client funds. The third party service provider that will be responsible for providing these services to you is dependent on the MDA you invest in and is disclosed in the Fee and cost tables at the end of this FSG. MDA clients are required to enter into a separate arrangement with Brite Advisors with respect to these services.

Brite Advisors may also outsource certain administrative functions on an adhoc basis to reputable service providers. Where relevant the name of your administration service provider will be disclosed in the MDA Contract.

Prior to engaging with any third party service provider, Brite Advisors will assess the service provider on their merits and reputation, and will consider matters such as:

- their size and reputation in the market;
- their duration of operation and their track record;
- their financial stability; and

- any other factors deemed relevant at the time.

Brite Advisors, generally, only deals with reputable third parties known to deliver professional services to their customers.

When we outsource functions to a third party, we establish a contract, we monitor the performance of that third party closely by observing the performance of their service, and we monitor their services against the agreed contractual services.