



Financial Services Guide

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Australian Financial Services Licence Number
437518

IMPORTANT INFORMATION ABOUT THIS GUIDE AND ADVICE GROUP

AVALONfs Pty Ltd (Avalon) is an Australian financial services licensee offering a comprehensive range of financial services. Central to these operations are the provision of financial advice and the distribution of investment and risk insurance products to clients who have the foresight and need to build their wealth and plan for the future.

Avalon is the provider of any advice that you may receive and this FSG has been developed to provide you with important information about the services we offer.

In this Financial Services Guide (FSG) 'we', 'our', 'us' or 'Avalon' means AVALONfs Pty Ltd (ABN 43 162 297 298) holding Australian Financial Services Licence (AFSL) 437518.

All rates and amounts included throughout are inclusive of GST unless otherwise stated

You must read this guide carefully.

Key Information Statement

The Financial Services Guide (FSG) is designed to assist you in deciding whether to use any of the services offered by AVALONfs (Avalon) and our Advisers.

The information in the FSG covers such aspects as:

- Information about Avalon as licensee
- Who will be responsible for providing the financial services described within this FSG and provided to you as the client.
- Details of the financial services and/or products Avalon can provide as well as details of what services and/or products Avalon does not provide
- The financial planning process
- Documents you may receive
- Further important information about the advice/recommendations
- Remuneration received by Avalon and your Adviser
- Relationships which might influence Avalon or your Adviser in providing financial services
- The complaints procedure and compensation arrangements.

Should your Adviser provide advice and/or a financial product to you, you will receive a Statement of Advice (SoA) and various Product Disclosure Statements (PDS).

The SoA details the financial advice provided to you, and covers such matters as the advice and product recommendations, any remuneration payable, the risks and disadvantages associated with the advice and/or product recommendations, and all details of any relationships which might influence your Adviser in providing the financial advice and/or product recommendations.

The PDS details all aspects of the investment and/or risk insurance product(s) recommended.

The purpose of these documents are to keep you fully informed in relation to the end to end financial planning process.

This Financial Services Guide (FSG)

This FSG is an important document which provides you with information about Avalon and the advice and services that we are licensed to provide, and the fees you are likely to pay for that advice.

Each adviser is issued with a Certificate of Authorisation which defines the advice and products the Adviser is able to provide. At the back of this FSG is an Authorisation Statement which duplicates these authorities regarding the specific knowledge and experience of your Adviser.

Relationship between Avalon and your Adviser

Your Adviser provides financial services on behalf of AVALONfs Pty Ltd AFSL 437518.

Therefore, Avalon is responsible to you for any of the financial services that your Adviser provides.

This FSG includes details of the Adviser's Authorised Representative number, accreditations, qualifications and experience, the areas of advice and types of investment

and/or risk insurance products or services we have authorised your Adviser to provide to you, as detailed in the Authorisation Statement, as well as details of any remuneration payable.

Avalon demands a minimum standard of professional behavior from all of its advisers and Advisers are required at all times to act in the best interests of their clients, to act honestly, professionally, fairly and objectively and without conflict in the provision of the financial services offered by Avalon.

You may ask for a copy of the original Certificate of Authorisation at any time from your Adviser or Avalon.

Financial services and product offering by Avalon

Avalon is authorised to offer services and/or products to you in the following areas:

- Financial planning
- Salary packaging
- Social security
- Estate planning
- Basic and non-basic deposit product
- Managed Investments
- Gearing strategies
- Structured product strategies
- Share trading advice
- Superannuation
- Retirement planning advice
- Self-Managed Superannuation Funds advice
- Personal and business risk insurance
- Standard margin lending

Your Adviser may only be authorised to provide advice to you in some of the above areas. Please refer to the Authorisation Statement at the back of this FSG which sets out the areas of advice and types of products that your Adviser is authorised to provide.

What services and or products does Avalon not provide?

Avalon is responsible for only those services and products set out in its AFSL.

The Adviser must not provide any other services or products other than those listed in the Certificate of Authorisation. The products below are examples of non Avalon approved advice services and products.

- Banking services (other than cash or term deposits)
- Credit assistance and credit activity
- Loan facilities including residential loan facilities, other than those that encompass both a margin loan
- General insurance advice
- Legal advice
- Accounting advice
- Real estate property advice

If you have any concerns in this regard please contact our Compliance Officer directly on 0407401136

The Financial Planning Process

Avalon's aim is to ensure that you are provided with the best possible advice tailored to your needs.

The steps that follow provide an overview of how this process is affected and ensures that the proper disclosure of the risks associated with your particular investments are explained and that you provide us and your adviser with the correct information about your actual circumstances so that we are able to provide you with the appropriate advice best to meet your interests.

Step 1

You have been provided with this. In the case of any general advice that has been provided, you will be given a general advice warning.

You will be asked to provide information about your relevant personal circumstances that is information about your goals, objectives, financial situation and needs both long and short term, in order that your Adviser can provide you with the most appropriate advice.

Step 2

The information collected is recorded in a Client Data Form. This together with a Client Risk Profile assessment enable the Adviser to analyse and determine the most appropriate advice for your particular circumstances that are in your best interests.

Step 3

Consideration is also given to the identification of any financial issues that may be present or that may arise in the future such as long term illnesses. The solution will be tailored to your relevant personal circumstances with the objective of matching your risk profile and meeting your goals and objectives as well as protecting those plans put in place.

Step 4

A Statement of Advice (SoA) is then prepared and provided to you by your Adviser.

This SoA sets out various recommendations made by your adviser, the basis on which those recommendations are made and, amongst other things, the remuneration payable for researching, designing, implementing and maintaining those products and services recommended.

Step 5

Subject to your agreement and signed instructions, the recommendations will be implemented.

Step 6

The information contained in the SoA, will be reviewed and revised at regular intervals as agreed by you, or when your particular circumstances change.

Documents you may receive

You may receive one or more of the following documents when the Adviser provides advice and/or any recommendation(s) on investment and/or risk insurance products to you:

1. Statement of Advice (SoA)

The SoA is a full advice document given to clients where personal advice has been provided with that advice taking into account your current financial position, goals, objectives, as well as your short, medium and long term needs.

You must confirm your adviser's assessment of your personal financial circumstances, goals and objectives and risk profile as well as confirming acceptance of the advice provided through the SoA.

2. Statement of Advice (Incorporation by Reference) [SoA (IBR)]

The SoA (IBR) represents a streamlined SoA that is appropriate for your Adviser to use when providing further advice to a client with whom a SoA has previously been provided.

Its usage avoids unnecessary duplication of information already provided to clients. However you may be required to sign a confirmation that your circumstances have not changed materially from those previously confirmed in the SoA.

3. Record of Advice (RoA)

If your Adviser has previously provided you with a SoA and then provides you with related additional advice, generally in the form of product advice and inclusive of periodic reviews (which takes into account your relevant personal circumstances), you will receive written confirmation of that advice in the form of a RoA.

If further or additional advice is provided by your Adviser, you are able to obtain a written copy of that advice (if it has not already been given) by contacting your Adviser and requesting a copy in writing. You may make such a request up to seven years after the advice has been given.

Key information contained within Avalon advice documents include:

- Your personal and financial circumstances;
- Your stated goals and objectives;
- The advice given;
- The basis on which the advice and/or financial product recommendations are given;
- The risks and/or disadvantages associated with the advice/recommendations;
- Information about remuneration or other benefits that may be received; and
- Any benefits, interests or associations that may have influenced your Adviser in the provision of the advice.

4. Product Disclosure Statement (PDS)

Should your Adviser make a recommendation to you about a particular investment and/or risk insurance product or offer to arrange the issue of a financial product on your behalf, you will receive a PDS, prepared by the product provider.

The PDS will contain information that will assist you in making an informed decision about that product and should be viewed as an extension of the SoA.

The PDS usually includes information about product features, risks that your Adviser should go through with you in detail, the costs associated with that product as well as details of other fees and charges which may apply, including management expense ratios (MER's) and remuneration payments to Advisers.

Usually the PDS will contain the application document that you will be required to complete in relation to that investment or risk product.

Further information about the advice and / or recommendations

Will advice be given that is suitable to your needs and financial circumstances?

Your Adviser is obliged by law to do so and must be able to demonstrate to you that a reasonable basis exists which supports the personal advice they provide to you. To be clear, your Adviser will need to ascertain your goals, objectives, financial situation, relevant personal and financial circumstances and needs before he or she recommends any advice, investment and/or risk insurance products or services to you.

You will be asked to provide accurate information on the above and to keep your Adviser updated on any changes to ensure the advice provided and products recommended remain relevant to your personal circumstances.

You have the right not to divulge any information should you not wish to do so. In that case, your Adviser will warn you about the possible consequences of not providing relevant personal and financial information including limitations on the advice which can be provided.

You should thoroughly read the information in your SoA before making any decisions relating to the advice or any investment and/or risk insurance product or service.

What should you know about any risks of the advice, investment and/or risk insurance products or services that are recommended to you?

Please be aware that there are risks associated with investing in financial markets which may adversely affect the value of your investment(s).

Your Adviser will explain to you, and fully outline in the SoA, both the generic and specific risks of the financial products recommended to you.

The PDS will also outline the key risks associated with that particular product being recommended. You must read and consider both the Risks & Disadvantages section of the SoA in conjunction with the relevant PDS material before proceeding to purchase any product recommended.

If you feel that you need further clarification in any area of a product or the advice contained in the SoA, please ask your Adviser prior providing your confirmation to proceed.

Reviews

Markets, investments, and your personal and financial circumstances can change over time. Reviewing your goals, circumstances, advice, investments and/or risk insurance products held, is vital to ensuring that you remain on track to meet your short to long-term objectives.

A comprehensive personal review service is offered by your Adviser to all clients, which updates the advice in line with your needs, and implements any changes which have been agreed with you.

Avalon requires its Advisers to provide regular reviews to each client at a minimum on an annual basis.

A fee may be charged for the ongoing advice and management of your financial affairs dependent on the type and the complexity of the service being provided.

Your Adviser will provide you with details of the fees that may be applicable to you.

Remuneration received by Avalon and your Adviser

How is the remuneration shared between Avalon and your Adviser?

Avalon will initially receive all remuneration once the financial service has been provided and/or the product has been lodged with the product provider. However, Avalon passes the full amount to the Adviser without any split.

Avalon Advisers pay a monthly service fee to Avalon. This fee is a flat fee and has no correlation with the amount of business written nor the Funds Under Management or volume of business the Adviser manages.

What remuneration will your Adviser receive?

The cost of providing a financial product or service to you will depend upon the nature and complexity of the advice, financial product and/or service provided. Generally, whenever your Adviser provides a recommendation for an investment and/or risk insurance product or service, Avalon and your Adviser may be remunerated singularly or through a combination of Fee for Service, Initial, Ongoing and/or Adviser Service Fees(s).

The following flowchart is an overview of the fee process you may undergo with your Adviser.



Details of the types of remuneration which may apply are as follows.

1. Fee for Service

If a Fee for Services is to be charged, the Fee for Service may be based on either:

- A fixed dollar amount;
- A percentage of the value of funds initial investment;
- A determined amount, based on the number of hours spent developing your advice document; or
- A combination of these.

Alternatively, your Adviser may invoice you or arrange a direct debit facility for an ongoing service (such as portfolio maintenance or regular reviews), which may be calculated as a percentage of your total investment balance. Your Adviser will provide you with further details where relevant.

2. Initial Fee(s)

When the Initial Fee is to be charged the fee is paid directly to Avalon by the issuer of the investment and/or risk insurance product(s), which your Adviser has recommended. With investment products, this commission may be deducted from the initial amount you have invested with the relevant product provider at the time the investment product is placed and issued to you.

With risk insurance products, this commission is not deducted from the insurance premium. It is paid to Avalon and your Adviser by the relevant insurance provider and is calculated on the premium payable.

The table below outlines the range of Initial fees your Adviser may receive in respect of various types of risk insurance products offered.

Product	Possible Fee Range
Superannuation	0 to 4%
Annuities	0 to 3%
Managed Investments	0 to 4%
Other Investment Products (e.g. Investment Bonds)	0 to 4%
Structured Products	0 to 5%
Margin Lending	0 to 3%
Risk Insurance	0 to 125%

3. Ongoing Fee

If you are a new client to AVALONfs Pty Ltd, from the 1st July 2014 your adviser will not receive any ongoing fees for any investments that you make into investment products.

If you are an existing client and an Ongoing Fee is to be charged, the commission is paid to Avalon by the product provider for the duration that your investment and/or risk insurance product is held with the product provider.

This ongoing fee may be paid to your Adviser without deductions by Avalon if it is legally possible to do so.

With risk insurance products, this commission is not deducted from the insurance premium. It is paid to Avalon and your Adviser by the relevant insurance provider and is calculated on the premium payable.

The table below outlines the range of ongoing fees Avalon and your Adviser may receive in respect of various types of investment and/or risk insurance products offered.

Product	Ongoing Fee Range
Superannuation	0 to 1%
Annuities	0 to 1%
Managed Investments	0 to 1%
Other Investment Products (e.g. Investment Bonds)	0 to 1%
Structured Products	0 to 2%
Margin Lending	0 to 1%
Risk Insurance	0 to 35%

4. Adviser Service Fee

For investments, an adviser service fee may be paid by the issuer of the financial products recommended and like ongoing commission, is payable on an ongoing basis while the investment is still in place.

The difference between the adviser service and ongoing commission is the fact that the former is not included in the administration costs of the investment. That is, it is an additional cost clearly outlining the fee associated with the provision of ongoing advice relating to that product and/or other ongoing advice.

Referred Clients

Should you be referred to your Adviser by a third party, (e.g. an Accountant), the third party may receive a fee, commission or other benefit for that referral.

This fee comes out of the fees received by Avalon and your Adviser and does not represent an additional cost to you.

You will receive more detailed information concerning any referral fee or commission in your SoA.

DETAILED FEES AND REMUNERATION

Most Authorised Representatives chooses to receive remuneration via the following methods and at the following levels (figures inclusive of GST):

Ongoing / Review Advice	<p>INVESTMENTS / SUPERANNUATION / OTHER STRATEGIC ADVICE</p> <p>Fee for service of \$ 300 + GST per hour based on the complexity of the review and maintenance of your portfolio. Note that there is NO correlation between this fee and the level of funds under management;</p> <p>OR</p> <p>Adviser service fee - negotiated between you and your adviser. This fee maybe as little as \$300 + GST per month to a maximum of \$12,500 + GST per month depending on the level and complexity of the service being provided.</p> <p>Note that when the fee for service option is taken, all adviser service fees (or trails) will be rebated directly to you or back to the product.</p>
Other fees	<p>Where strategic advice is provided and no product placement is involved or allows an adviser service fee, an hourly rate of \$300 + GST per hour is applicable. This rate is dependent on the complexity and/or estimated time associated with the research and analysis.</p>

TYPE OF ADVICE	Fee or remuneration
Initial Advice	<p>INVESTMENTS / SUPERANNUATION / OTHER STRATEGIC ADVICE</p> <p>Fee for service for the preparation of your SoA. This fee is based on an hourly rate of between \$200 and \$300 per hour + GST with a minimum fee of \$1,200 + GST and a maximum fee of \$ 6,000 + GST;</p> <p>PERSONAL INSURANCES</p> <p>Fee for service for the preparation of your SoA. This fee is based on an hourly rate of between \$200 and \$300 per hour + GST with a minimum fee of \$300 + GST and a maximum fee of \$ 1,500 + GST;</p>

When will specific details about fees be notified?

The basis and amount of all applicable Fee for Service, Initial, Ongoing and Adviser Service Fee(s) will be fully set out in your SoA and explained by your Adviser prior to the implementation of any recommendation(s).

An explanation of the product fees and charges from the product provider will be outlined in the relevant PDS.

Relationships which might influence Avalon or your Adviser in providing financial services

Avalon may enter into sponsorship arrangements in order to defray costs associated with training and IT costs. These arrangements do not increase the Administration Fee or Management Expense Ratio (MER) amount that would otherwise be charged by the product provider if these percentage fee arrangements were not in place. This additional payment is usually paid by product providers on a quarterly basis and is not an additional cost to you.

These payments are not shared with your Adviser, however your Adviser may receive indirect benefits as described in the Adviser Incentives section set out below.

Currently Avalon has no such arrangements in place.

Related Companies

D-Risk Pty Ltd and The Alexander Group Pty Ltd. These are the private companies of the Directors.

3. Active Sponsors

Avalon may receive a payment or other benefits from certain product providers in return for Avalon granting rights such as being recognised as a sponsor and the right to promote their product and give presentations at Avalon conferences or training days. Where this occurs we will detail these sponsorships on our website. At the date of this FSG no such relationships exist.

4. Adviser Incentives

Avalon does not allow fees or incentives based on funds under management. This type of remuneration is defined as 'conflicted' and is not acceptable under the Corporations Act as defined in Regulatory Guide RG246.

5. Alternative Remuneration

In accordance with industry requirements, and as outlined in the Investment & Financial Services Association (IFSA) and as required by the Corporations Act and Regulatory Guides issued by ASIC from time to time, Avalon and your Adviser maintains a Gifts and Benefits Register. This register is governed by the Avalon Gifts and Benefits Policy which must be adhered to at all times.

The Register contains information about any alternative forms of payments or soft dollar benefits over a specified dollar amount that may be received, (e.g. lunches, gifts, tickets to events and conferences).

If you wish to inspect the Gifts and Benefits Register, please ask your Adviser or contact our Head Office.

6. Professional Development Conference Sponsorship

Avalon may receive conference sponsorships from various product providers.

Fees associated with these sponsorships help Avalon offset the organisational and running costs of its conferences and serve as a valuable education and training tool for our Advisers. Any and all sponsorships are recorded within Avalon's Gifts and Benefits Register.

What information does Avalon maintain in your file and can you examine the file?

Your Adviser must maintain a physical and/or electronic record of your personal information, which includes details of your relevant personal circumstances. He/she also maintains records of any advice/recommendations made to you in the course of taking instructions from you, as well as any SoA, or other relevant advice document he/she has provided to you.

Can you provide your Adviser with instructions about how you wish to buy or sell financial products?

Yes. Generally you need to provide your instructions to your Adviser in writing or by electronic means.

How does Avalon deal with the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 as amended (AML/CTF Act)?

Avalon has an obligation under the AML/CTF Act to verify your identity before any financial products and/or services can be provided to you. Please read the section Privacy Considerations and visit our website for a copy of our privacy policy.

Subject to having satisfied any relevant accreditation pre-requisites that may apply, your Adviser is able to recommend any product on the Avalon Approved Product List.

However, Avalon advisers may keep their current arrangements although these must be disclosed if they apply to you.

Avalon will forward, as with all other product issuer payments, without retaining any percentage of that remuneration.

Your Adviser must disclose all relevant investment and/or risk insurance product remuneration relating to these products including any other incentives derived from the advice and product recommendations within the SoA.

Documentation you will need to present to satisfy the customer identification requirements of the AML/ CTF Act.

Privacy considerations

Avalon is committed to ensuring your privacy and security are protected through our Privacy Policy. A copy of the Privacy Policy is available from your Adviser and on the Avalon website: <http://www.avalonfs.com.au/>. Click on 'Investor' and then read the Privacy Policy found at the bottom of the page.

Complaints procedure

What should you do if you have a complaint?

If you have a complaint about any service provided by your Adviser, you should take the following steps:

1. Contact the Compliance Officer at Avalon to discuss your complaint. The Officer will acknowledge the complaint within 5 business days.
2. A response letter will be prepared and issued to you within 45 days detailing the complaint and advising you of your rights, any proposed solutions and further avenues should you not accept the resolution proposed.

If you are not fully satisfied with this response, you have the right to lodge a complaint with the Financial Ombudsman Service (FOS), which is an External Disputes Resolution Scheme of which Avalon is a member.

Additionally, the Australian Securities and Investments Commission (ASIC) has a freecall Infoline on 1300 300 630, which you may use to obtain information about any further rights you may have.

What compensation arrangements does Avalon have?

The Corporations Act 2001 (Cth) requires Avalon to operate a compensation arrangement which is designed to compensate retail clients for losses they suffer as a result of a breach by Avalon or its Advisers of the obligations outlined in Chapter 7 of the Corporations Act.

To this end, Avalon has comprehensive Professional Indemnity insurance in place which covers both Avalon and our Advisers (including the conduct of those Advisers who are no longer authorised by Avalon, but were so at the time of the advice).

These compensation arrangements meet the requirements specified by the Corporations Act and ASIC from time to time.

Pre-requisite to further advice

Where your Adviser provides you with further and/or additional advice, an updated FSG will be provided where relevant.

Any questions?

Please contact your Adviser if you have any questions regarding this FSG or the investment and/or risk insurance products or services he/she provides.

This FSG should be retained by you in a safe place for future reference.

AUTHORISATION STATEMENT

AVALONfs Pty Ltd is authorised to provide you with advice and deal in the following areas:

- Basic and non-basic deposit products
- Debentures, stocks or bonds issued by a government
- Life products including:
 - investment life insurance products
 - life risk insurance products such as term life, TPD, trauma and income protection
- Interests in managed investment schemes including Investor directed portfolio services (i.e. master trust, wrap account)
- Superannuation products including personal funds, employer funds, retirement savings accounts (RSA's) and Self Managed Superannuation funds (SMSF)
- Securities
- Standard Margin Lending

AVALON's people are industry experts

Neal Hornsby has been in the financial services industry since 1983.

Neal is an Investment Advisory professional with a background in financial services. He has held senior positions with CBA, RACV Life, TOWER Life, Challenger and Westpac to name a few. Neal has also consulted to ASIC, APRA, RBA and Federal Treasury.

Neal is an industry expert in funds management and is a member of the Hedge fund institute, Australasian Compliance Institute, Australasian Institute of Risk Management, and the Australasian Institute of Project Management. Neal holds and MBA, DipFS (FP), Cert PM

Brendan Dickson has been in the financial services industry since 1995 and apart from working with AVALONfs Pty Ltd is also a degree qualified fund manager specialising in Australian equities.

Brendan holds a BComm (Accounting and Finance), and is an accredited derivatives adviser.

CONTACT AN ADVISER

Phone: 1800 681 438

Phone: 0407401136

Lvl 4 / 45 Murray Street

Pymont NSW 2009

We will ensure the right adviser will ring you