

FINANCIAL SERVICES GUIDE

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CONTACT US

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Pilot Wealth Management Pty Ltd ABN 68 150 457 560, Australian Financial Services Licensee (No 410134)

THIS FINANCIAL SERVICES GUIDE ('FSG') HAS BEEN AUTHORISED FOR DISTRIBUTION BY:

**Pilot Wealth Management Pty Ltd ("Pilot Wealth")
ABN 68 150 457 560
Australian Financial Services Licensee (AFSL) 410134**

This FSG (the 'Guide') provides you with information about Pilot Wealth and its Authorised Employees, who will provide you with the financial services described in this Guide. It is designed to help you evaluate and make an informed decision about whether to use the financial services described in this Guide. We suggest you retain this Guide for your future reference.

It is important that you understand this Guide as it is a legal document. If any part of this document is not clear, please speak to your financial adviser.

THIS DOCUMENT CONSISTS OF TWO PARTS. THIS IS PART 1 AND CONTAINS IMPORTANT INFORMATION ABOUT:

- Pilot Wealth as the holder of an AFSL;
- the financial services we offer as Authorised Employees of Pilot Wealth;
- the financial services that Pilot Wealth offers;
- the process we follow to provide financial services;
- how we and Pilot Wealth are paid;
- any arrangements which may influence our advice to you;
- how we and Pilot Wealth protect your privacy; and
- how we and Pilot Wealth deal with your complaints if you are not satisfied with the services provided.

Part 2 of this document forms part of this FSG and is known as the Adviser Profile. The Adviser Profile includes the products and services authorised to be provided to you by me as an Authorised Employee (for Financial Services) on behalf of Pilot Wealth. References in this Financial Services Guide to 'me', 'I', 'we' and/or 'our' should be read as your 'Authorised Employee's' as the context requires.

PART 1 CONTAINS THE FOLLOWING SECTIONS:

- Financial Services Guide (Section 1)
- Privacy Policy (Section 2)
- Are you satisfied? (Section 3)

SECTION 1 - FINANCIAL SERVICES GUIDE

This Financial Services Guide (FSG) outlines the financial planning services I provide as your Financial Adviser through Pilot Wealth Management Pty Ltd (Pilot Wealth).

It is an important document which will help you decide if you want to use the services being offered.

You must read section 1 in conjunction with the Adviser Profile in Part 2, which gives you more details to allow you to make an informed decision about whether to use the financial services we offer. Together these documents form the complete FSG which we, as an Authorised Employee, are required to provide.

WHAT OTHER INFORMATION SHOULD YOU CONSIDER BEFORE DECIDING WHETHER TO PROCEED WITH OUR RECOMMENDATIONS?

If you receive personal financial product advice this will be documented in a Statement of Advice (SOA), or in specific circumstances a Record of Advice (ROA) that confirms the discussions you have had with us, the recommendations we are making and the basis for those recommendations.

When a financial product is recommended to you, you will be provided with a Product Disclosure Statement (PDS), or other disclosure document issued by the product provider. Among other things, the PDS contains information about the risks, benefits, features and fees payable in respect of the product.

WHO PROVIDES THE FINANCIAL SERVICES DESCRIBED IN THIS FSG?

The financial services described in this FSG are provided by us as Authorised Employees of Pilot Wealth.

Part 2 of the document contains details of your financial adviser, their experience, qualifications and professional memberships.

WHO IS RESPONSIBLE FOR THOSE FINANCIAL SERVICES?

Pilot Wealth is responsible for the financial services we provide to you.

The law requires Pilot Wealth to have arrangements in place to compensate certain persons for loss or damage they suffer from certain breaches of the Corporations Act by Pilot Wealth or its employees.

Pilot Wealth holds Professional Indemnity Insurance that satisfies the requirements for compensation arrangements under section 912B of the Corporations Act 2001.

WHY CHOOSE A PILOT WEALTH FINANCIAL ADVISER?

Range of financial planning services

We are able to provide you with access to a broad range of financial planning services and strategies, which may include:

- financial planning;
- wealth accumulation advice;
- superannuation advice, including self managed superannuation funds;
- redundancy advice;
- retirement planning advice;
- gearing strategies;
- cash flow advice;
- social security benefits advice;
- life and disability insurance advice;
- portfolio management advice
- mortgage reduction strategies.

Specifically, our Australian Financial Services Licence, issued by Australian Securities and Investments Commission, authorises us to advise and deal with retail and wholesale clients in relation to:

- Deposit products
- Government debentures, stocks or bonds
- Investment life insurance products
- Life risk insurance products
- Managed investment schemes
- Retirement savings accounts
- Securities (shares)
- Standard margin lending facilities and
- Superannuation

The Adviser Profile provided with this FSG includes more information about the services which, as an Authorised Employee, we are authorised to provide to you.

WHAT PRODUCTS ARE AVAILABLE?

A wide range of financial products by many leading financial product providers are available. Details of the available products are contained in the Approved Product List, which is available on request. All products on the Approved Product List are thoroughly researched by qualified research professionals.

We are only authorised to advise in relation to products on the Pilot Wealth Approved Product List and we will only recommend a product to you after considering its suitability to your individual objectives, financial situation and needs. We will also recommend that you retain a product that is not on our approved product list if it is in your best interests to do so.

SMALL ENOUGH TO CARE

Your relationship with us is important and we provide you with the personalised service that is usually associated with a small business.

LARGE ENOUGH TO MAKE A DIFFERENCE

Pilot Wealth remains responsible for the quality of advice provided by us under Pilot Wealth Management Pty Ltd's AFSL.

Pilot Wealth provides significant support and supervision, with the aim of ensuring you receive quality financial planning advice. Pilot Wealth requires its Authorised Employees to complete external assessments and annual training programs to maintain knowledge. As an Authorised Employee, we are also subject to regular reviews from experienced compliance professionals who assess the quality of our advice.

Pilot Wealth provides extensive resources and dedicated teams to support its advisers, including technical experts in areas such as superannuation and retirement planning.

Pilot Wealth also uses experts such as Zenith, Morningstar, Bell Potter, and Macquarie Equities for financial product research.

PROTECTING YOU AND YOUR ASSETS

Pilot Wealth and its Authorised Employee's promote long-term investment strategies which do not take unnecessary risks with your investments. For this reason, Pilot Wealth Authorised Employees are not permitted to switch your investments frequently or make speculative investments in products such as tax-driven schemes or unregulated products.

Pilot Wealth Authorised Employees are also restricted to Pilot Wealth's Approved Product List unless they receive special approval from Pilot Wealth to use other products.

To further protect your interests, Pilot Wealth does not allow its Authorised Employees to:

- act as trustee or operate a trust account on behalf of clients;
- act on behalf of any other Australian Financial Services Licence holder;
- ask clients to sign documents which have not been fully addressed or completed;
- hold a Power of Attorney (unless the advice relationship is secondary - i.e. family members, under a Netwealth Adviser Representative Authority or the Asgard Authority to Operate).
- hold client funds or have access to withdraw client funds.

HOW DO WE ENSURE THAT THE ADVICE WE GIVE TO YOU SUITS YOUR NEEDS AND OBJECTIVES?

To ensure that we provide advice that is suitable to your needs and financial circumstances, we firstly need to understand your financial situation, personal financial objectives and needs. To ensure that we provide you with suitable advice we will follow a step-by-step process as outlined below:

- We will meet with you for an initial consultation. During this meeting we will discuss your expectations and provide you with details of the services that we can offer.
- We will collect all the information that we need from you, including your personal financial situation, financial objectives and needs. If you do not wish to provide the information we require, we will advise you about the possible consequences of not having disclosed your full personal information and the impact on the recommendations given.
- We will help you identify your goals and discuss your attitude towards investment risk.
- We will consider strategies and areas such as income, taxation, social security, cash and estate planning requirements. Based on these considerations and others, we will prepare and present you with a written SOA, or in some cases depending on the circumstances a ROA.
- We will discuss our recommendations with you, make any changes you require and gain your agreement to implement those recommendations.
- We will periodically meet with you to review your financial circumstances if we agree to an ongoing service arrangement. If an ongoing service arrangement is entered into, this will be documented in your SOA.
- We will also explain to you any significant risks of the financial products and strategies which we recommend to you. If you are unclear of the risks, do not hesitate to question us further.

WHEN WILL I RECEIVE AN SOA?

We may meet with you several times to discuss possible investment options before finalising our recommendations to you. Once we have finalised our advice, we will explain our recommendations, and record it for you in a SOA.

You may not receive an SOA in the following circumstances:

- General advice – such as provided in seminars and through newsletters which does not consider your personal circumstances
- Portfolio Adjustment Services – which allow us to manage your investments on your behalf
- Further Advice – if you previously received advice recorded in an SOA, any further personal advice may be recorded in a Record of Advice (ROA). You may request a copy of a ROFA by contacting us and can do so for a period of seven years from the date the further advice was first provided to you.

WHEN WILL YOU RECEIVE A PDS?

Together with your SOA, you may also be provided with a PDS at the time you are provided with advice. The PDS includes important information in relation to the product recommended including the features, benefits, risks and fees associated with the product.

You should only implement the advice after taking the time to read and understand the SOA and PDS (see below) and should contact us if you have any questions about the SOA or PDS.

OTHER SERVICES

We may provide services other than financial planning services. For example, we may also act as your accountant or advise you on real estate investments.

While we may provide these services, you should understand that they are not provided under Pilot Wealth's AFSL and Pilot Wealth does not train, support or supervise the provision of these services.

Examples of the services which Pilot Wealth is not responsible for include:

- general insurance services (e.g. Car)
- real estate and direct property advice
- taxation services (e.g completion of return)
- accounting and audit services
- administration and compliance of self-managed superannuation funds

REMUNERATION AND BENEFITS RELATING TO FINANCIAL SERVICES

FEES, COMMISSIONS AND INCENTIVES

You will find more detailed information about the fees, commissions and incentives we might receive in the attached Adviser Profile, and specific details in each SOA you receive. You can ask us for details about fees, commissions and incentives at any time.

The only commission's that may now be received for new clients are for Insurance Advice, although most of these are now fees charged by us rather than commissions built into the product.

WHAT FEES ARE CHARGED FOR INITIAL ADVICE?

There is a small charge for the initial discussion of \$220 which allows you and Pilot Wealth Management to assess the merits of working together and to consider the range of services which best meets your needs. This fee is waived if you proceed to have a Statement of Advice prepared. Fees may be charged if general advice or document completion assistance is provided at this meeting.

Fees are charged for initial advice and the preparation of a strategy document or Statement of Advice (SOA). We call these RAIN fees as more often than not, they involve Research, Advice, Implementation and Notification. Fees are based on the complexity of the advice provided and a minimum fee of \$3,300 (inclusive of GST) applies. Our hourly rate is \$385 (inclusive of GST).

We will provide an estimate of the cost before commencing any work.

Please note our initial advice fees still apply where you decide not to implement our advice and are payable in advance.

WHAT FEES ARE CHARGED FOR SUBSEQUENT SERVICES?

Our subsequent service fees are determined and agreed with you at the time we prepare your SOA and in most cases are based on the level and complexity of ongoing work or alternatively an annual rate of 1.32% (includes GST) of the funds under advice, subject to a minimum fee of \$2,750 (includes GST). All fees will either be deducted from your investment funds or invoiced directly to you. Our hourly rate is \$330 (inclusive of GST).

The services offered for these fees will be outlined in your client service package explaining both portfolio and strategic reviews.

Note: Full details of all fees and commissions will be provided to you in a Statement of Advice (SOA) or Record of Advice (ROA) and Product Disclosure Statements at the time of receiving any recommendation.

This fee may be deducted from your account each month or payable directly to us. You may continue to be charged the agreed ongoing services fee until you notify us that you no longer require ongoing services or your ongoing service arrangement lapses. A further fee may be charged for each additional contribution you make to your account.

COMMISSIONS RECEIVED FROM PRODUCT PROVIDERS?

In the past, financial services providers such as Pilot Wealth have had the opportunity to offset some of the client fees by receipt of commissions paid directly to them from product providers.

Where these arrangements were in place prior to 1/7/2013, they can generally be continued, and no changes to the agreed remuneration model are necessary though Pilot Wealth does consider commissions when determining ongoing fees.

An up front commission is a one-off payment paid by the product provider based on a percentage of the amount of funds you invest or the insurance premium you pay. This is paid at the time you purchase the investment or insurance.

Ongoing commissions are monthly payments paid by the product provider based on a percentage of the funds you invest or the insurance premium you pay. These are paid each month for as long as you hold the product and while we continue to act for you.

Where upfront and ongoing commissions are payable, the specific amount will be disclosed in an SOA when you receive personal advice.

Since 1/7/2013, direct commission payments from product providers to Pilot Wealth will not be accepted in relation to new client arrangements, with the exception of some insurance arrangements. These commission payments will be explained in detail, however initial commission on a new insurance policy may be up to 70% of the first year's premium and for each subsequent year, up to 20% of ongoing premiums. From 1/1/2020, initial commission on a new insurance policy will be a maximum of 60% of the first year's premium. Alternatively, our preferred commission structure is a level basis which may be up to 30% each year.

WHAT OTHER BENEFITS DO PILOT WEALTH AND MY FINANCIAL ADVISER RECEIVE FROM PRODUCT PROVIDERS?

Some product providers pay a licensee commission to Pilot Wealth based on the total funds invested in their products. For example, Personal Choice currently pays 47.5% (\$47.50 per \$100 in administration fees) on Personal Choice eWrap of their net administration fees to Pilot Wealth.

As described earlier, these licensee commissions will not be paid to Pilot for new arrangements entered into from 1/7/2013.

We and Pilot Wealth may also receive additional benefits such as assistance with marketing expenses, complimentary or subsidised attendance at conferences, and other rewards such as gift vouchers, tickets to sporting events and invitations to social events.

Although these incentives exist, we will act on your behalf when providing the services described in this FSG. Benefits up to \$300 in value are recorded in our Alternative Remuneration Register and benefits greater than \$300 in value are not accepted. The Pilot Wealth register is publicly available and a copy can be provided at your request. Pilot Wealth Management Pty Ltd and its advisers have not received any form of alternative benefit since inception of the business in 2011, and we have a policy in place not to accept these forms of incentives.

HOW ARE PILOT WEALTH FINANCIAL ADVISERS PAID?

Employees of Pilot Wealth Management Pty Ltd receive a regular salary. In addition may also receive bonus payments which are based on achieving a high level of compliance, providing quality advice and achieving income targets for Pilot Wealth.

FURTHER DETAILS ON REMUNERATION AND BENEFITS RELATING TO FINANCIAL SERVICES

When you are provided with personal advice on specific financial products, we will disclose certain details of remuneration or other benefits that we receive.

If the Remuneration or Benefits can be calculated at the time you receive personal advice, these amounts will be disclosed at that time or as soon as practicable after that time. If the Remuneration or Benefits cannot be calculated at the time you receive personal advice, your Financial Adviser will disclose how these amounts will be calculated instead.

OTHER INFORMATION

The law requires Pilot Wealth to have arrangements in place to compensate certain persons for loss or damage they suffer from certain breaches of the Corporations Act by Pilot Wealth or its employees.

Pilot Wealth holds Professional Indemnity Insurance cover for the activities conducted under their Australian Financial Services licence. Pilot Wealth believes that this insurance satisfies the requirements for compensation arrangements under section 912B of the Corporations Act 2001.

SECTION 2 - PRIVACY POLICY

Pilot Wealth and your financial adviser will collect your personal information to provide you with the services described in this FSG.

We aim to protect and maintain the privacy, accuracy and security of the personal and financial information you give us. Keeping this information private is very important to us. If you want to access your personal information at any time, please let us know. No fee will be charged for an access request, but you may be charged the reasonable costs of giving you any information you have requested.

WHO ELSE WILL HAVE ACCESS TO MY PERSONAL INFORMATION?

Pilot Wealth may share information with organisations that assist us to administer your investments or provide you with products and services including our internal and external service providers such as administrators, fund managers and insurance companies.

Data may be accessed in the Philippines by a 3rd party administration service, however there is no ability to copy data. That is no printer access, no operating computer USB ports, no mobile devices allowed in work area and fully monitored emails.

In addition, if you become a client of Pilot Wealth Management Pty Ltd, you acknowledge that your information will be accessible to Pilot Wealth Accounting Pty Ltd and Pilot Wealth Everyday Pty Ltd for the purposes of providing services that you may require. To improve internal efficiencies, we operate a central client relationship database. You will not be directly marketed to from any other entity that you do not specifically deal with. Should any other entities be created under the "Pilot Wealth" umbrella then they too will operate from the same database and have access to your information.

Pilot Wealth may disclose your personal information (as necessary):

- where the law requires us to do so
- if you consent

WHERE CAN I ACCESS MORE INFORMATION ABOUT THE PRIVACY ACT WITH RESPECT TO MY INVESTMENTS?

The Privacy Policy explains the main ways we protect your privacy and how we comply with the Australian Privacy Principles. You may obtain a copy of the Privacy Policy upon request.

SECTION 3 - ARE YOU SATISFIED?

Pilot Wealth endeavours to provide the best financial service to you. If you have any complaints, Pilot Wealth is committed to resolving them as quickly and fairly as possible.

If you have a complaint of concern about the service provided to you, we encourage you to take the following steps:

1. Contact us about your concern.
2. If your concern is not satisfactorily resolved to your satisfaction within five days, please put your complaint in writing and send it to:

Mail: Mr Kevin Blacket
Manager Compliance Operations
Pilot Wealth Management Pty Ltd
283 – 287 Sir Donald Bradman Dr, Brooklyn Park SA 5032

The Manager will acknowledge your query within 48 hours of receipt and attempt to resolve it within 28 days.

3. If your concern is not resolved, or if you are dissatisfied with the decision, you may contact the Australian Financial Complaints Authority (AFCA).

AFCA provides fair and independent financial services complaint resolution that is free to consumer. AFCA's dispute resolution processes cover complaints about financial services, including banking, credit, loans, general insurance, life insurance, financial planning, investments, stock broking, managed funds and pooled superannuation trusts. You may contact AFCA by:

Australian Financial Complaints Authority (AFCA)
Mail GPO Box 3, Melbourne VIC 3001
Telephone: 1800 931 678
Website: www.afca.org.au

4. The Financial Planning Association of Australia (FPA) is the peak professional body for financial planning in Australia. The FPA provides the leadership and professional framework that enable members to deliver quality financial advice to their clients. All FPA members are bound by professional, technical and ethical standards as provided in the FPA Code of Practice. The FPA has effective and appropriate policies and procedures in place to assist you with your complaint and ultimately help protect consumers and those planners doing the right thing. You may contact FPA by:

Telephone: 1300 626 393
Website: www.fpa.asn.au
Mail: GPO Box 4285, Sydney NSW, 2001

5. The Australian Securities and Investment Commission (ASIC) is Australia's corporate, markets and financial services regulator. ASIC contributes to maintaining Australia's economic reputation by ensuring that Australia's financial markets are fair and transparent, supported by informed investors and consumers against misleading or deceptive and unconscionable conduct affecting all financial products and services. You may contact ASIC by:

Telephone: 1300 300 630
Website: www.asic.gov.au
Email: infoline@asic.gov.au
Mail: GPO Box 9827, Your Capital City.

6. Pilot Wealth Management has compensation arrangements in place, including professional indemnity insurance, which comply with the requirements of s912B of the Corporations Act 2001