

## Ongoing Advisory & Consultancy Services

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One of the Golden Rules of Investing is to review your portfolio regularly so as to ensure the investments continue to provide you with an appropriate rate of return, given your time horizon and appetite for risk.

Whilst your initial asset allocation would have been appropriate when the original Statement of Advice (SOA) was prepared, it also needs reviewing from time to time.

Understanding our complex legislative environment and keeping up with the constant changes, are also important elements in assisting you achieve your financial and lifestyle objectives in a Tax Effective manner.

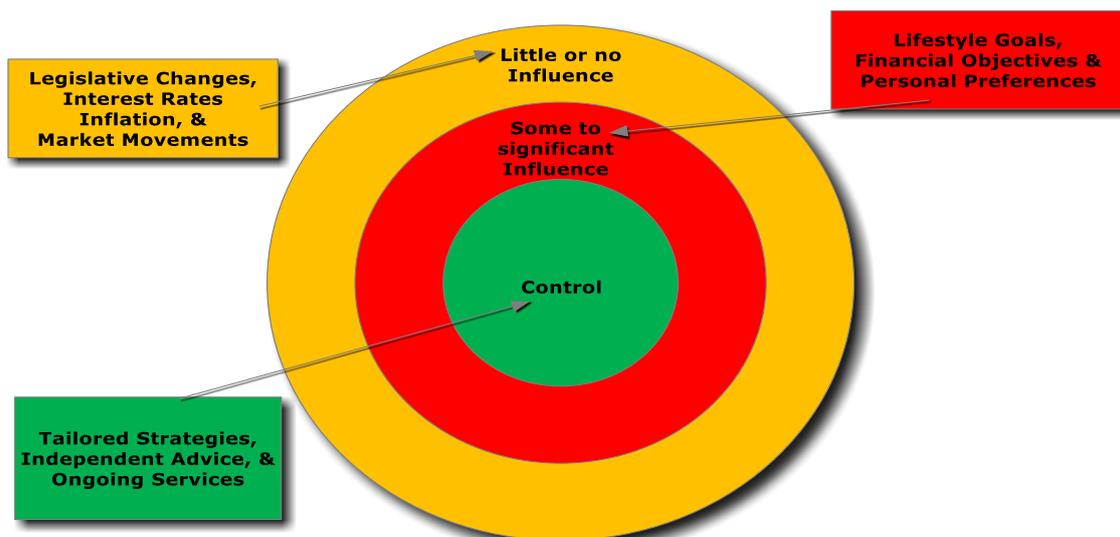
This would include a review of the tax structures that hold your investments, such as Partnerships, Companies, Super Funds, Trusts, Bonds etc., and being aware of your entitlements to government concessions and other rebates or benefits.

Reviewing your liquidity levels and cash flow requirements as well as revisiting your estate and succession planning structures, are also important.

Whilst the frequency of reviews is more dependent upon your personal situation, the volatility of investment markets, and the number of relevant legislative changes, we do recommend at least two face to face meetings per annum with more frequent telephone and email contact on a needs basis.

**This document sets out the Ongoing Advisory & Consultancy Services (OA&CS) we provide, the costs therein, as well as your rights and obligations.**

### Where Collins House makes a difference Tailored Strategies, Independent Advice, & Ongoing Services



## **A. SERVICES WE PROVIDE**

### **1. Investment Review**

We review the ongoing performance of the investments which make up your portfolio, (often referred to as financial products) and provide you with recommendations from time to time, based upon your investment time frame and tolerance to risk.

- a. Given we aim to maximize your net returns in line with your tolerance to risk, we examine the level of income received, any capital growth/loss, and the taxation treatment of those investment returns.
- b. We also examine the total cost of investing and what commissions (if any) are able to be refunded to you, as well as more fee efficient methods of investing.
- c. When investments mature, are no longer preferred or when new financial products come to market, we make recommendations as detailed below.
- d. We review the level of liquidity available within your portfolio and compare the same to your preference for funds to be available at short notice, so that you have an appropriate level of liquid funds.
- e. Where appropriate we may utilise one or more of the five Collins House Private Wealth's Separately Managed Accounts (SMA), to provide you with regular portfolio rebalancing and online access to portfolio reports, as well as comprehensive tax reporting and transaction history.

Full details are outlined in the Collins House Private Wealth's SMA Product Disclosure Statement (PDS), which may be downloaded from [www.praemium.com.au/collinshouse/](http://www.praemium.com.au/collinshouse/)

The Collins House Private Wealth SMA is a Managed Investment Scheme under the Corporations Act 2001 and is administrated by one of the leading technology providers in Australia, namely Praemium Australian Limited (Praemium), winner of the 2014 Platform of the Year Award.

We receive no commissions or other benefits by clients utilising the Praemium service and, do not have any arrangements with Praemium apart from providing arm's length professional administration of portfolios for our clients.

### **2. Asset Allocation Review & Advice**

We review your asset allocation, and assist you understand the risks that you are taking given the investments you are holding.

- a. We also review the level of diversification within your portfolio and make recommendations where, in our view, there is a need to increase diversification given your tolerance to risk.
- b. As market movements and unplanned withdrawals may make your investment portfolio unbalanced in terms of your asset allocation, we provide recommendations regarding specific investments to rebalance the portfolio.
- c. We examine if your tolerance to risk has altered and make asset allocation recommendations and specific investment recommendations accordingly.
- d. When the Collins House Private Wealth SMA is utilised, Asset Allocation is automatically reviewed for all of the five Model Portfolios weekly, thus saving clients time and money through discretionary management.

### **3. Legislative Updates**

We keep abreast of legislative and other regulatory changes which may increase the level of tax payable on your investment returns, and thus reducing the net returns to you.

- a. Where there is likely to be an adverse impact from a tax perspective, we provide advice on how to legally transition to a lower taxed environment.
- b. We also make recommendations regarding the tax structures which provide the most tax effective outcomes given different asset classes.

### **4. Advice on “Maturing” Investments**

Where investments “mature” they will need to be replaced with alternatives which meet your investment objectives.

- a. Where we initially recommended the investment we will generally contact you in at least 5 working days, to discuss your options, provide our recommendations, and include documentation to effect the transaction.
- b. Unless otherwise instructed we require all relevant documents to be returned to us at least 2 working days before the due date, so that we may process the same, as we often have no control over cut off times or expiry dates.
- c. If the investments were arranged independently of Collins House we require you to provide us with all relevant information including any roll over provisions of the existing investment at least 21 days before maturity.
- d. Upon receipt of the information we will endeavour to research the existing investment and attempt to source an appropriate replacement within 14 days where possible.
- e. Where clients utilise the Collins House Private Wealth’s SMA, all of the above “day to day” matters are handled automatically by the Model Portfolio Managers, namely Dominic Alafaci & Kate Nicol, on a discretionary basis as outlined in the Product Disclosure Statement

We believe this saves clients time and money and provides flexibility at low brokerage costs.

## **5. Advice on “No Longer Preferred” Investments**

Where investments we initially recommended are no longer “preferred”, they may need to be replaced.

- a. For example if we receive a SELL recommendation regarding an unlisted product we have recommended to you, we will contact you within 5 working days of receiving the SELL recommendation to discuss the same with you, provide our advice, and agree on a course of action.
- b. Whilst not all unlisted product “replacements” are time critical, some are and we require all relevant documents to be returned to us at least 2 working days before the due date.
- c. If for example we receive a SELL recommendation from a broker regarding a listed security that we have recommended to you, we will attempt to contact you that same day, in the form that we have previously agreed upon, being either telephone, email or post, to discuss a course of action including a trading price range.
- d. If that course of action is to SELL the listed securities on the ASX between 10am and 4.00pm AEST, we will make our best endeavours to obtain the price within the range, however cannot guarantee that you will receive a that price as there are a number of factors influencing the same the most important being sentiment.
- e. Where clients utilise the Collins House Private Wealth’s SMA, the Model Portfolio managers Dominic Alafaci & Kate Nicol attend to all of the day to day portfolio adjustments on a discretionary basis, as outlined in the Product Disclosure Statement.

Portfolio adjustments are executed at Institutional Brokerage rates through the Bank of America Merrill Lynch, which may save clients considerable costs over the medium to long term, due to the ability to execute transactions at Institutional Brokerage Rates which are often at a fraction of the brokerage rates charged to retail clients.

## **6. New Product Update & Advice**

When new financial products are released onto the market we may provide you with information or actual recommendations to buy an investment.

- a. Where you receive our recommendations and wish to effect the transaction we require you to return all relevant documents at least 2 working days before the due date so that we may process the same.
- b. If you would like us to provide you with an investment recommendation we require at least 7 working days’ notice to prepare a Statement of Advice or a Record of Advice as required by law.
- c. Where clients utilise the Collins House Private Wealth’s SMA, new products that may be appropriate for inclusion in one or more of the five Model Portfolios, will automatically be subscribed for on a discretionary basis as per the Product Disclosure Statement, by the Model Portfolio Managers Dominic Alafaci & Kate Nicol.

## **B. HOW WE PROVIDE THESE SERVICES**

### **1. Independent Advice**

We provide independent Investment Advice that is in your best interest, on an initial and ongoing basis by utilising an “Unrestricted” Approved Product List, extensive research, and do not accept any commissions, volume bonuses or other incentives designed to promote one product over another. Where these benefits cannot be rebated directly by the product providers to you, we will endeavour to calculate and refund these on a proportional basis.

This approach is almost unique in Australia with the vast majority of Advisors either employed:

- a. By Banks or Large Superannuation Funds to “sell” particular financial products either on a Commission Basis or Salary plus bonus arrangement, and/or
- b. Where they are restricted in the range of financial products that they are permitted to recommend, and/or
- c. In some cases the financial advisors are ONLY allowed to recommend their “employer’s” or related party’s financial products.

### **2. No Conflicts of Interest**

Independent Investment Advice avoids all conflicts of interest and ensures that the financial products recommended and the strategies adopted in constructing your portfolio, are selected purely on their appropriateness to your personal financial situation, investment objectives and particular needs, rather than their benefit to Collins House.

### **3. Legal & Taxation Advice**

Should we believe it is in your best interest to obtain Legal or Taxation advice, we will advise you accordingly. Should you wish to meet with one of our qualified and experienced Legal or Taxation Advisors, we would be pleased to assist you in doing so or alternatively we will work with your existing Legal or Taxation Advisors.

## C. COSTS

### 1. Ongoing Advice Costs

As a guide, our Ongoing Advisory & Consultancy fees for portfolios under \$2m, start at \$440 per month inclusive of GST (ie: \$5,280 pa) and are generally capped at \$1,100 per month inclusive of GST (ie: \$13,200 pa)

For portfolios between \$2M and \$5M, our fees usually start at \$1,100 per month inclusive of GST and are generally capped at \$1,650 per month inclusive of GST (ie: \$19,800 pa)

For portfolios between \$5M and \$15M, our fees usually range from \$1,650 per month inclusive of GST and are generally capped at \$3,300 per month inclusive of GST (ie: \$39,600 pa)

You will be asked to acknowledge acceptance of our OA & CS in the first year, and the agreement will stay in force until terminated.

**In subsequent years we will advise you of the level of our OA&CS fees in writing for the forthcoming 12 months, and generally review them in July of each year in line with the Consumer Price Index, unless there has been a significant change in your circumstances, where the fees will be increased or reduced to reflect the nature and complexity of the work involved.**

We require to be reimbursed by you for expenses we incur on your behalf, such as travel and accommodation, specialist investment research reports and analysis, and any legal and tax opinions required, however will obtain your written consent from you prior to incurring the same.

Motor vehicle travel will be charged at 84.7c per km inclusive of GST and travel by taxi, public transport and air is at cost, plus any credit card fees, travel insurance and government surcharges, with full fare economy booked for single journeys less than 2 hours and business class for journeys greater than 2 hours.

### 2. Termination of Ongoing Advisory & Consultancy Service Arrangements

Either party may terminate the OA&CS agreement in writing by giving 3 months' notice, however where you wish to terminate the agreement within the first 12 months, we require at least the first 12 months fees to be paid in full, before accepting the 3 months' notice period, as there are significant costs involved in setting up your portfolio in the early years.

### 3. Typical Examples of Our Costs

- a. For an Estate with \$4m of Listed Securities, Property, Bonds & Bank Deposits etc., our Fee would be \$1,925 p/month inclusive of GST.
- b. For a Self Managed Super Fund with \$1.7m in assets of Listed Securities, Property, Bonds & Bank Deposits etc., our Fee would be \$1,100 p/month inclusive of GST.
- c. For a retiree with \$400,000 in a Superannuation Fund & other investments of \$200,000, our Fee would be \$440 p/month inclusive of GST.
- d. For a family with \$14m in assets comprising Listed Securities, Property, Bonds and Bank Deposits, our Ongoing Advisory and Consultancy Services Fee would be \$2,750 p/month inclusive of GST.
- e. Where Personal Insurance is required an SOA starts at \$3,960 inclusive of GST per person or entity, and underwriting assistance starts at \$1,650 inclusive of GST per policy, however we rebate all initial & ongoing commission (if any). A similar amount is charged each year for reviews and recommendations tailored to your needs and are made on a non-commission basis.

*At Collins House,  
we care about your future as much as you do.*

## *Our Value Proposition*

*Our Value Proposition is built on over 30 years of Financial Services experience, and delivers Independent Financial and Investment Advice that is free of all conflicts of interest, with commissions and other benefits (if any) always rebated to you.*

*Our recommendations are based upon an assessment of the investment landscape given your individual situation, rather than which financial product pays the highest commission.*