

## Ongoing Advisory & Consultancy Services (OA&CS) Agreement

Version: 20200602 - 1<sup>st</sup> July 2020

### A. The OA&CS Agreement:

This OA&CS Agreement (Agreement) sets out the terms and conditions of our Professional relationship with you and on which we will provide you with OA&CS.

The Agreement will commence on 1<sup>st</sup> July each year (or later if you join mid-term) and terminates each year on 30<sup>th</sup> June when we will send you a new OA&CS Agreement commencing for the following year, however you can terminate this Agreement at any time by notifying us in writing, and we can terminate this Agreement by providing you with at least 30 days' notice.

As we are required by law to cease charging you our professional fees should you not renew the Agreement shortly after 1<sup>st</sup> July each year, we will be forced to terminate the agreement which is a possible unintended consequence of the proposed legislative changes which were scheduled to take effect on 1<sup>st</sup> July 2020.

Secondly, should the Agreement be terminated, and Investments need to be liquidated or transferred to alternate providers, you may incur transaction costs and possibly give rise to a Capital Gains Tax liability, which is as a second unintended consequence of the proposed legislative changes.

### B. Services We Provide:

#### 1. Overview

Reasonable telephone and email contact is provided throughout the year and we also make ourselves available for **at least one face-to-face meeting** per annum or if for any reason we are unable to meet physically, we will offer the alternative of a video conference or telephone meeting.

We also 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 and other relevant personal circumstances.

Whilst your initial asset allocation would have been appropriate when the original Statement of Advice (SOA) was prepared, as attitudes to risk may change over time, we offer to update your Risk Tolerance Report where required.

It is important to remember that by maintaining the status quo, it does not mean that we have done nothing and in fact maintaining an agreed strategy requires thorough research as well as discipline.

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.

We also review the tax structures that hold your investments, such as Partnerships, Companies, Super Funds, Trusts, Insurance Bonds etc., and review your entitlements to government concessions and other rebates or benefits, as well as reviewing your liquidity levels, cash flow requirements, and your Estate and Succession Planning Strategies.



## **2. Investment Review**

We review the ongoing performance of the investments and provide you with recommendations from time to time, based upon your investment time frame, tolerance to risk and other relevant personal circumstances.

- a. We regularly analyse reports on the hundreds of financial products and the dozens of administration service available and will recommend them where they are in your best interest.
- b. Given we aim to maximise your net returns given your tolerance to risk, we examine the expected level of income, any capital growth potential, and the taxation treatment of those financial products.
- c. We also review the total cost of investing which takes into consideration not only the administration fees etc., but also looks at the underlying investment costs and what (if any) commissions are able to be refunded to you.
- d. When investments mature, are no longer preferred, or when new superior financial products come to market, we make recommendations as detailed below.
- e. We review the level of liquidity 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.
- f. If you decide to utilise one or more of the Collins House Private Wealth's Model Portfolios, which were set up as Separately Managed Accounts (SMA) administered by Praemium Australian Limited (Praemium) in 2015, we will provide you with regular portfolio rebalancing information and online access to the Model Portfolios, as well as detailed tax reporting and transaction history.
- g. As Independent Advisors, we receive no commissions or other benefits by recommending clients utilise the Praemium or any other administration service and, do not have any arrangements with Praemium apart from agreements requiring them to provide administration of client portfolios.

## **3. 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 Model Portfolios weekly, thus saving clients time and money through discretionary management.

## **4. 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.
- c. We can also provide your with more detailed Taxation Planning Strategies in conjunction with our Chartered Accounting Division.



## **5. 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 affect 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 rollover provisions of the existing investment at least 21 days before maturity.
- d. Where clients utilise the Collins House Private Wealth’s Model Portfolios, all the above “day to day” matters are handled automatically by the Model Portfolio Managers, namely Dominic Alafaci and Kate Nicol, on a discretionary basis as outlined in the Product Disclosure Statement

## **6. 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 that course of action is to SELL the listed securities on the ASX between 10.00am and 4.00pm AEST, we will make our best endeavours to obtain the price within the range, however cannot guarantee that you will receive that price as there are a number of factors influencing the same.
- d. Where clients utilise the Collins House Private Wealth’s Model Portfolios, we attend to all of the day-to-day portfolio adjustments on a discretionary basis, as outlined in the Product Disclosure Statement.
- e. Portfolio adjustments are executed at Institutional Brokerage rates through 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.

## **7. 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 affect 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 Model Portfolios, new products that may be appropriate for inclusion in one or more of the Model Portfolios, will automatically be subscribed for on a discretionary basis as per the Product Disclosure Statement, by the Model Portfolio Managers Dominic Alafaci and Kate Nicol.



## C. How We Provide These Services:

### 1. Independent Investment 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 using Independent Research Houses such as Morningstar, and do not accept any commissions, volume bonuses or other incentives designed to promote one product over another.

### 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, and other relevant personal circumstances, rather than their benefit to Collins House.

### 3. Referral to other Professional Advisors

Whilst we have our own in-house Chartered Accounting Division, we are happy to work with your existing Taxation Advisors, and if we believe it is in your best interest to obtain professional advice from a Finance Broker, Legal Practitioner, Overseas Pension Specialist, or Property Advisor, we will make a referral in good faith, and do not receive any referral fee or other benefits.

## D. Costs

### 1. Typical Advice Fees

As a guide, our OA&CS fees for portfolios between \$1m and \$2m, start at \$660 per month inclusive of GST (ie: \$7,920pa) and are generally capped at \$1,100 per month inclusive of GST (ie: \$13,200 pa).

For portfolios between \$2M and \$5M, our OA&CS fees usually start at \$1,100 per month inclusive of GST (\$13,200pa) and are generally capped at \$2,200 per month inclusive of GST (ie: \$26,400 pa).

For portfolios between \$5M and \$25M, our OA&CS fees usually start \$2,200 per month inclusive of GST (ie: \$26,400 pa) and are generally capped at \$5,500 per month inclusive of GST (ie: \$66,000 pa).

For portfolios between \$25m and \$50m our OA&CS fees usually start at \$5,500 pm inclusive of GST (ie:\$66,000 pa) and are generally capped \$9,900 per month inclusive of GST (ie:\$118,800pa).

**We will advise you of the level of our OA&CS fees in writing for the forthcoming 12 months each July 1<sup>st</sup> and generally increase the previous year’s fee by 5% pa, unless there has been a significant change in your circumstances, where the fees will be either reduced or increased depending on the nature and complexity of the work we believe will be required going forward.**

### 2. Examples of Our Advice Fees

- a. For an Estate with \$4.8m consisting of Listed Securities including Exchange Traded Funds (ETFs), Direct Property, Wholesale Managed Funds, Bonds and Bank Deposits etc., our Fee would be \$2,200 per month inclusive of GST.
- b. For a Self Managed Super Fund (SMSF) with \$2m in assets consisting of Listed Securities, ETFs, Direct Property, Bonds and Bank Deposits etc., our Fee would be \$1,100 per month inclusive of GST.
- c. For a retiree with \$880,000 in a Superannuation Fund and other investments of \$200,000, our Fee would be \$660 per month inclusive of GST.
- d. For a family with \$40m in assets comprising an SMSF and various Trust Structures which hold Listed Securities, ETFs, Wholesale Managed Funds, Property, Bonds and Bank Deposits, our Ongoing Advisory and Consultancy Services Fee would be \$9,900 per month inclusive of GST.