

# Financial Service Guide

## Austock Securities Limited

AFSL No. 244410 - ABN 51 053 513 438



### Purpose of the Financial Services Guide

This Financial Services Guide ("FSG") is an important document which we as an Australian Financial Services Licensee are required to give you. This FSG is intended to inform you of certain matters relating to our relationship, prior to providing you with a financial service. The matters covered by the FSG include:

- who we are and how we can be contacted;
- details of the financial products and services Austock Securities Limited ("Austock Securities") ABN 51 053 513 438 provides in order to assist prospective and new retail clients decide whether to obtain financial services from Austock Securities;
- information on remuneration paid to Austock Securities and its advisers; and
- information on our complaints handling process.

It is intended that this FSG should assist you in determining whether to use any of our products and services. If you choose to use any of our products and services you may also receive other documents which you should read carefully. These documents may include either or both of the following:

### Statement of Advice

When we give you personal advice we will generally be required to provide you with a Statement of Advice ("SOA"). The SOA may comprise the means by which the personal advice is provided or form a separate record of verbal advice, in which case it will be provided to you as soon as practicable after the advice is provided, but no later than 5 days after the advice was given.

A SOA is not provided where execution-related advice about products traded on licensed markets is given by telephone and you agree that a SOA is not required. However, you can still request a written record of the execution-related telephone advice within 90 days. A request should be made in writing to your adviser. The SOA is designed to enable you to make an informed decision about whether to act upon personal advice.

It will include:

- the advice;
- the basis on which the advice was given;
- the identity of the person advising you;
- information about remuneration;
- other interests that may have influenced the provision of the advice;
- information about any charges; and
- any other significant consequences for you in following the advice.

### Product Disclosure Statement

When we give personal advice that recommends a particular financial product, other than securities, we will provide you with a Product Disclosure Statement ("PDS") for that financial product.

The PDS is intended to provide sufficient information to enable you to make an informed decision about whether to purchase a particular financial product. It will include information such as:

- fees payable;
- risks associated with the financial product;
- benefits of the financial product;
- significant characteristics of the financial product.

### Information about Austock Securities

Austock Securities is a public company which is owned by Austock Group Limited. Austock Securities was founded in October 1991 and commenced trading in November of the same year.

Austock Securities holds an Australian Financial Services Licence, number 244410, under the Corporations Act and is a Participant of ASX Group ('ASX').

Austock Securities contact details are:

Level 12, 15 William Street,  
Melbourne VIC 3000

[www.austock.com](http://www.austock.com)

### Your adviser

Your adviser will be acting on behalf of Austock Securities. Austock Securities Limited is responsible to you for any advisory services your adviser provides.

### Financial Services available from Austock Securities

As a stockbroker, Austock Securities is able to deal on your behalf in securities quoted for trading on financial markets operated by a licenced market operator and in other financial products and securities such as bank bills, debentures, endowment warrants, superannuation and managed investment products. Austock Securities is also able to provide you with advice on all these types of financial products and securities.

This includes advice on:

- the timing of purchases and sales;
- new floats and new issues of securities;
- undervalued securities and opportune trading situations;
- Certain derivative products, such as Warrants and Exchange Traded Options but we are unable to advise or deal on your behalf in, futures contracts. ; and
- the risks, benefits and returns associated with the above investments and investment strategies.

We will review your investment portfolio on request. Also at your request, we will monitor your portfolio and provide you with a regular report on its performance.

Research and information on listed companies and market trends or developments are available.

Depending on the circumstances, our advice in relation to financial products may be:

- General advice which does not take into account the investment objectives, financial situation and particular needs of any particular person. We will provide you with general advice in research reports which are published for our clients generally. Before making an investment decision on the basis of general advice, you need to consider, with or without the assistance of your adviser, whether the advice in the relevant publication is appropriate in light of your particular investment needs, objectives and financial situation; and /or
- Personal advice which takes into account your particular investment objectives, financial situation and needs.

## **CHESS**

When you purchase securities quoted on a licenced market (quoted securities), your shareholding is recorded electronically on the clearing and settlement facility known as CHESS. CHESS is operated by ASX Settlement (a wholly owned subsidiary of ASX) in accordance with the ASX Settlement Rules. Under CHESS, you will not receive a certificate but will receive a holding statement.

Your CHESS holding must be sponsored either by the company that issued your securities (issuer sponsored) or by a broker, such as Austock Securities (broker sponsored). With issuer sponsored holdings, you are issued with a different identification number called a Shareholder Reference Number ("SRN") for each holding. The advantage of broker sponsored holdings is that you have one identification number called a Holder Identification Number ("HIN") for all your holdings.

If you have an issuer sponsored holding and you misplace your SRN, the registry charges a fee for each enquiry about an SRN and we will charge any such fees to your account.

Austock Securities encourages you to be broker sponsored by Austock Securities because it is administratively more convenient when you ultimately sell your securities.

## **How you pay for these services**

Generally, we do not charge separately for our advice. However, we may charge an hourly rate or a flat fee for certain specialist advice or portfolio monitoring, but any fees will be disclosed and agreed with you when discussing your request. Research market/company information are provided free of charge.

You will be charged brokerage for each transaction we execute on your behalf. Payments from you are to be by electronic payment or cheque. Austock Securities is unable to accept or pay cash.

If your application for securities in a new issue, privatisation or float, is stamped by us and is successful, we receive a lodgement fee from the relevant company or issuer. This also applies in relation to applications for units in managed funds (eg equity trusts). If we act as sub-underwriter or underwriter we will receive a fee for acting in that capacity. All lodgement or other fees payable to us would be disclosed in the prospectus for the issue. You do not face additional charges from us in these circumstances.

Some of our advisers receive a proportion of the brokerage, commission, lodgement fee or underwriting /sub-underwriting fee paid to Austock Securities.

## **Calculation of brokerage, commission and other charges**

Brokerage is calculated as a percentage of the total dollar value of the securities purchased or sold on your behalf. Brokerage rates are negotiable with each client and are subject to a minimum brokerage charge. The minimum brokerage charge for transactions which are broker sponsored by Austock Securities is \$95.00 (plus GST) and the minimum brokerage charge for all other transactions is \$105.00 (plus GST).

For a purchase, the brokerage is added to the consideration payable for that transaction. For a sale, the brokerage is deducted from your gross proceeds. All these amounts are specified on the confirmation of sale or purchase.

You will also be charged fail fees and interest if you fail to settle a purchase or sale by the time and date shown on the confirmation.

## **Your rights**

You have the right to know details of commissions and other benefits your adviser receives for recommending investments. This information will be provided to you when the recommendation is made, if you have not been advised before that. We are obliged to inform you of the interests of the adviser and/or Austock Securities that may reasonably be capable of influencing a recommendation made to you.

## **Provision of personal information to your client adviser**

When you contact your adviser, he or she will generally presume that you have already made the decision to invest a particular part of your investable assets in equities (eg shares) rather than in some other class of asset. If you have not made this decision or you require assistance with it, you should let your adviser know, so that he or she can advise you appropriately or refer you elsewhere.

Your adviser is obliged to have a reasonable basis for recommendations made to you. This means that your adviser must give consideration to the information available about your personal investment objectives, financial situation and particular needs before recommending any investment to you. We will therefore request that you provide and, when necessary, that you update this information either in writing or verbally. This information will be kept strictly confidential.

You have the right not to divulge this personal information to us, if you do not wish to do so, but your adviser will be limited in his or her ability to make recommendations specific to your requirements. It may mean that recommendations made to you are not entirely appropriate to your needs and objectives. If you decline to provide sufficient information we are required to warn you about the possible consequences of us not having your full personal information. You should consider these warnings carefully.

### **Limitations of research**

By 'research' we are referring to printed material that expresses an opinion about particular securities, companies or economic news.

The research produced internally and/or outsourced by stockbrokers, such as Austock Securities, is basically the opinion of specialist analysts. It can never be guaranteed. It is only valid for a limited time and is often subject to market movements. For example, for short term investors a buy recommendation could turn into a sell recommendation where the market price of a share appreciated by a small amount. For the longer term investor, this market movement may not be significant, although a larger movement might be.

The mere fact that a share or any security is recommended by an analyst in a research report as a "Buy", "Sell" or a "Hold" does not necessarily mean that the share or that recommendation is a suitable investment for you. The recommendation is based on consideration of the investment merits of the share alone. You should always consult your adviser before acting on any research report. Likewise, any share price targets that may be forecast in a report are based on particular assumptions made by the analyst at the time the report is compiled. A forecast 'target' price is not a guarantee that the price will actually reach that level.

### **General risk disclosure statement and guidance for investors**

We will explain to you any significant risks associated with investments or strategies which we recommend to you. If we do not do so, you should ask us to explain those risks to you.

Equity securities in common with all the other asset classes (eg interest rate securities and property investments) can decline in value as well as appreciate. The measure of this change in value is often referred to as 'volatility'. The more the value varies over time, the more volatile the asset is and therefore the more risk involved in investing in it. On the other hand the less volatile an asset is, the less likelihood there is for any significant capital gain or loss from investing in that asset.

Equity securities (eg shares) are generally more volatile than other asset classes, however, the markets for other asset classes are not as efficient or transparent as the stock market in terms of the information available to investors and the process for continuously determining and making public the real market value of the particular asset. For this reason the real volatility of those other assets is often not fully appreciated.

### **What are the risks?**

In general, the risk of investing in equities can be categorised in the following manner. Please note that the lists below do not purport to be complete, as it would not be feasible to list all the possible risks in each category.

#### *Overall Market Risk*

This is the risk of loss by reason of movements in the share market generally. These movements can be caused by any number of factors including political, economic, taxation or legislative factors. Specific examples are changes in interest rates, political changes, changes in taxation or superannuation laws, international crises or natural disasters.

#### *Domestic versus International Factors*

The value of a listed company's equity securities is influenced by the company's vulnerability to international events or other factors affecting the markets for its products or services. These would include movements in exchange rates, changes in trade or tariff policies and changes in overseas stock or bond markets.

#### *Sector Specific Factors*

These would include demand for the products or services of the company, commodity prices, the economic cycle of industry, changes in consumer demands, lifestyle changes and changes in technology. Stock Specific Factors These would include the company's directors, the strength of the company's management and the significance of any key personnel, the company's profit history, the company's tangible asset base, debt level and fixed cost structure, litigation, profit or losses on particular contracts, drill results, competition from within the sector, and whether the company already has a profitable business or whether it is exploring for recoverable resources or is developing a new product.

### **Basic investment strategies – what are they?**

#### *Income*

You may need an income stream, perhaps to meet your living expenses. You may therefore prefer to avoid shares which do not pay franked dividends, or you may have a low taxable income and be attracted to interest rate securities (eg, converting preference shares and convertible notes).

#### *Growth*

A secure, consistent income stream may not be necessary, as your income needs are met from other sources. You may wish to achieve capital growth to provide a hedge against inflation and to accumulate wealth. Shares which are likely to provide capital growth can also result in capital losses and, as a result, must be monitored closely.

#### *Mix of Growth and Income*

Your needs may include both a secure income stream and some measure of capital growth.

### *Short Term Trading*

You may wish to trade in shares with a view to profiting from short term price movements in the stock market.

### *Mixture of the Above*

Various shares and other securities could be acquired for each of the above purposes.

### **What information do we maintain about you?**

Austock Securities respects and upholds your rights to privacy protection under the National Privacy Principles contained in the Privacy Act 1988. The National Privacy Principles apply to us from their introduction in late 2001.

Austock Group Privacy Policy describes how we manage any personal information we have about you. A copy of that policy accompanies this Guide.

### **Instructing your adviser**

You may provide instructions to us by telephone, e-mail, fax or other means, as agreed with your adviser. As time is of the essence in 'live' markets, the telephone is the preferred means.

### **Payment and receipt of funds to your account**

Austock Securities offers a number of payment and sale proceed options and you can select one in the Account Opening form which accompanies this Guide.

If we receive payment from you before settlement, the funds are deposited into a trust account. Sale proceeds are held in a trust account until paid to your account.

### **Complaints handling**

Austock Securities acknowledges that you have the right to complain if you are dissatisfied with the service you receive from Austock Securities. Austock Securities is committed to the efficient and fair resolution of complaints.

1. If you have any complaint about the service provided to you, you should take the following steps:
2. Contact your adviser and tell your adviser about your complaint.

If your complaint is not resolved to your satisfaction within a reasonable time, please contact our Complaints Officer on 03 8601 2000 or put your complaint in writing and send it to:

The Complaints Officer  
Austock Securities Limited  
Level 12, 15 William Street  
Melbourne VIC 3000

We will try to resolve your complaint promptly and fairly in accordance with our Complaints Policy. You may obtain a copy of our Complaints Policy from our Complaints Officer.

3. If you are unhappy with our response to your complaint, you may raise the matter with the Financial Ombudsman Service (FOS). The FOS toll free number is 1300 780 808.

## **Contacts**

### **Austock Securities**

Level 12, 15 William Street, Melbourne VIC 3000  
Phone: 03 8601 2000 Fax: 03 9200 2272

**Toll Free: 1800 806 362**

E-mail

**securities@austock.com**

Website

**www.austock.com**