



## Financial Services Guide

# Trend Investor Services Proprietary Limited

ABN 65 061 768 670

AFSL No. 255475

This Financial Services Guide (FSG) is dated 23<sup>rd</sup> December 2016 and is provided to you by Trend Investor Services Proprietary Limited (**Trend, we, our, us**) to inform you of the financial services provided by us and to comply with our obligations as the holder of an Australian Financial Services Licence (AFSL No 255475).

This FSG is meant to assist you to decide whether to use our services and to explain:

- who we are
- what financial services we provide and the products to which those services relate
- what our responsibilities are and what type of advice we give
- how you can instruct us
- what you can expect to pay for the financial services
- what remuneration and other benefits may be paid to us, our employees or others
- what to do if you have a complaint, and how it will be dealt with
- for what purpose we use your contact data
- how you can contact us

This FSG contains only general information about the services we offer. If you still have any questions after reading this FSG, please contact us. Our contact details are listed at the end of this document.

### ***What other disclosure documents and statements will I receive?***

Although it is not our policy to provide personal advice, if we do provide you with personal advice or further assistance in selecting products or services having regard to your particular circumstances and needs, we will, where we are required to do so under the law, issue you with a **Statement of Advice (SoA)** that will set out the personal advice we have given you, including any recommendations we offer along with our rationale for our recommendations and information about any fees, commissions, associations or relationships which might influence the provision of that advice.

If we provide to you a SoA, we may provide further advice to you after we have given you a SoA. If we have not provided you with a record of the further advice you may request, either verbally or in writing, a record of further advice within 7 years (or as prescribed by law) of us providing the further advice.

Generally, where we arrange for the issue of a financial product to you, you will receive a **Product Disclosure Statement (PDS)** or other relevant disclosure documents that include information about the product so that you can make an informed decision whether to acquire the product. It would include any relevant terms, significant risks and costs associated with the supply of that financial product.

### ***How you can instruct us and your obligations?***

We will accept order instructions via telephone, email or facsimile.

You must check and confirm with us that orders sent via fax or email, have in fact been received by us.

You must review any confirmation or statement we send to you immediately upon receipt to ensure its accuracy and report any discrepancies to us.

If you have opened a Managed Discretionary Account with Trend you will be able to contact us by telephone, email or facsimile to provide instructions relating to your portfolio assets or any corporate actions.

### ***Who are we and what services are we authorised to provide?***

Trend holds a current Australian Financial Services Licence (AFSL) No 255475 which authorises us to provide advice on and deal in the following classes of financial products:

- basic deposit products;
- deposit products other than basic deposit products;
- derivatives;
- foreign exchange contracts;
- Managed Investment Schemes including IDPS;
- Government debentures, stocks or bonds;
- Life products including investment life insurance products and life risk insurance products;
- MDA Services;
- Retirement Savings Accounts;
- securities;
- Standard Margin Lending Facilities; and
- Superannuation.

We act on our own behalf when providing a service to you. We act under our own AFSL when we provide services to you. We can offer our services to both Wholesale and Retail clients.

Trend has been operating as a financial services provider since 1993. Clients over this period have included major banks, listed public companies and foreign brokers, as well as retail clients. Trend has traded on most, if not all of the major exchanges in the world and so takes great pride in being able to offer clients, multiple services that will meet their needs.

Trend's office in Australia is located at Unit D, 4 Railway Street, Southport QLD 4215. Trend originally became a member of the Sydney Futures Exchange (SFE) in July 1994 and has been accredited as a Managed Discretionary Account operator since 1997. Trend ensures their clients are provided with qualified and professional

advisory and dealing services by only using the services of reputable executing and clearing brokers and service providers.

#### ***What information do we offer to you, as our client?***

We can offer you factual market data and information, including general advice, regarding those products and services our AFS Licence permits us to provide. The products on which we may provide this information include:

- Futures traded on approved exchanges around the world
- Options on futures traded on approved exchanges around the world
- Foreign Currencies (margin trading and physical settlement)
- Options on securities traded on approved exchanges around the world
- Securities traded on approved exchanges around the world
- Over-the-counter derivatives such as Contracts for Difference (CFDs)
- Client education seminars (product awareness and trading skills)

#### ***What are our responsibilities and what type of advice do we give?***

##### *Advisory and Dealing Services*

It is not our policy to provide personal advice. It is our policy to ONLY provide **general advice** and information regarding financial products and services that can be dealt through us. This information or advice does not take into account your particular objectives, financial situation or needs and because of that you should, before acting on the advice, consider the appropriateness of the advice having regard to your objectives, financial situation and needs.

The only exception that applies to the above is where you have opened a Managed Discretionary Account. In the case of Managed Discretionary Accounts, the advice provided is a function of taking into account one or more of your objectives, financial situation and/or needs. In order to do this, you will be required to answer a number of questions relating to your financial position and risk profile. These questions will form part of the Managed Discretionary Account Application Form. Upon receipt of your completed form Trend may contact you to further assess your suitability to open a Managed Discretionary Account.

Any material changes in your circumstances must be disclosed to Trend as they occur so that Trend may assess whether the Investment Program included in your MDA Contract continues to be suitable for you.

It should be noted that clients who open a Non-discretionary account will also be requested to provide some information relating to their financial circumstances and risk profile. This information is collected so that Trend can receive some reassurance that you will be able to finance any trading that you enter into and that your attitude to risk is comparable to that of the financial products you intend to trade.

##### *Financial Planning Services*

Trend will provide clients with expertise and professional service in the market. It and its representatives will take all necessary steps to understand your needs and to develop strategies that meet your financial and lifestyle needs.

More specifically, Trend will tailor strategies for your situation to help you make informed decisions in relation to your financial future in the following areas:

- Superannuation – Help you plan for a secure and comfortable future.
- Investment – Help you understand the different asset classes by calibrating the right mix of defensive and growth investments and above all, manage the investment risk.
- Insurance – Assist you with understanding the importance of holding the right personal risk cover to help meet basic living expenses should the unforeseeable happen. Further, assist you with understanding the various insurance policies and considerations such as policy ownership to find the appropriate mix of cover to suit your needs.
- Retirement – Assist you in creating strategies that allow you to gradually ease into retirement without compromising how you live.

Trend will provide ongoing advisory services, including regular portfolio reviews.

#### ***What is a MDA Service?***

A MDA service is a managed investment scheme and a facility for making a financial investment that has the following key features:

- client's give to the MDA Operator i.e. Trend, access to money or money's worth (client contributions);
- Trend has the discretion to invest in financial products using client contributions without prior reference to the client for each transaction;
- each client agrees with Trend that assets derived directly or indirectly from that client's contributions are managed as a discrete portfolio belonging to the client; and
- each client has an understanding that they will derive benefits from the MDA service, including benefits from Trend's expertise in investment selection and other services offered as part of the MDA service.

Pursuant to an ASIC Class Order [CO 04/194], MDA Operators, such as Trend, have been granted relief, subject to a number of conditions, from the Managed Investment Scheme legislation contained in Chapter 5C of the Corporations Act and the product disclosure provisions in Chapter 6D and in Part 7.9 of the Corporations Act. This FSG complies with the conditions set out in the ASIC Class Order.

#### ***What is the MDA Contract?***

In order to provide you with MDA services you need to open an MDA. To open an MDA you must enter into an "MDA Contract" with Trend before the MDA service can be provided.

The MDA Contract will include an Investment Program that is prepared in accordance with the requirements in Division 3 of Part 7.7 of the Corporations Act and the Investment Program will contain the following information:

- the nature and scope of the discretions Trend will be authorised and required to exercise under the MDA Contract and any investment strategy that is to be applied in exercising those discretions;
- any significant risks associated with the MDA Contract;
- the basis on which Trend considers the MDA Contract to be suitable for the client; and
- warnings about the MDA Contract, such as:
  - it may cease to be suitable for the client if the client's relevant circumstances change; and

- it may not be suitable for the client if the client has provided Trend with limited or inaccurate personal information about the client's relevant circumstances.

### **Who holds the legal title to your portfolio of assets?**

The client opens an MDA in their own name and thus, holds the legal title to the portfolio of assets. The MDA service provided by Trend does not include custodial or depository services.

Your funds and assets will be held with the Execution and Clearing Broker in either a Clients' Segregated Account or a Trust Account. The Execution and Clearing Broker nominated by Trend provides dealing services to the Client, which includes execution and clearing services and holding client funds.

### **Risk Disclosure**

There are significant risks associated with an investment via an MDA, of which not all can be outlined. Investment via the MDA may not be suitable for all investors. There can be no assurance that the MDA will achieve its investment objectives. Each prospective investor should carefully review the MDA Contract and carefully consider the risks before deciding to invest. Accordingly, in evaluating the merits and suitability of an investment in the MDA, careful consideration should be given by prospective investors to the following risk factors. This section does not purport to be an exhaustive list of the risks involved in investing in the MDA.

- General Economic Conditions and Market Risks – The MDA's operating and financial performance may be influenced by a variety of general domestic and international economic factors and business conditions which are outside the control of the MDA Operator and the MDA Manager. These include changes in the inflation rate, commodities prices, exchange rates, interest rates, the government and government fiscal, monetary and regulatory policy, natural disaster and acts of terrorism.
- Risk associated with selling options – When trading options, the buyer of the option has the right to decide whether or not to exercise the option contract and at times when the options contract is exercised. Therefore, in a rising market the seller of a call option may be obligated to sell the underlying financial product at less than the current market value whilst in a falling market the seller of a put option may be obligated to buy the underlying financial product at more than the current market value.
- Industry Risk – There are a number of industry risk factors that may affect the future operational performance of the MDA. These factors are outside the control of the MDA Operator and the MDA Manager. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.
- Financial Market Volatility – A fall in global or Australian financial markets or the rapid change in the value of the Australian dollar against other major currencies may discourage investors from investing in financial markets. This may have a negative effect or a positive result on the price of the financial products in the MDA, however these factors are taken into account when taking a trade.
- Leverage Risk – Where possible by law, your MDA may be operated based on a notional value, i.e. leverage is being used, either through various financial instruments or borrowing capital, to increase the size of your MDA. If leverage is used to make an investment and the market moves against your position, your loss is much greater than it would have been if the investment had not been leveraged. In general, leverage magnifies both gains and losses.
- Liquidity Risk – The MDA may invest in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts) or expensive for Trend to liquidate positions against which the market is moving. Alternatively, it may not be possible in certain circumstances for a position to be initiated or liquidated promptly (in the event of insufficient trading activity in the relevant financial product).
- Exchange Rate Risk – Investment in a MDA must be converted to Australian Dollars. Accordingly, investors other than Australian nationals should be aware that exchange rate fluctuations could cause the value of the investment to diminish or increase. In addition, the price of any financial products traded on international markets and, therefore, the potential profit and loss therein, may be affected by any variance in the foreign exchange rate between the time the order is placed and the time it is liquidated, offset or exercised.
- Diversification – the MDA may be less diversified than portfolios operated by other investment managers, as the MDA is likely to be concentrated in a limited number of financial products, to maximize the investment strategy. The fundamental and technical performance of a financial product and its associated factors are taken into consideration when trading and investing.
- Performance of Other Asset Classes – Good performance (or anticipated performance) of other asset classes can encourage individuals to divert money away from financial markets. This may have a negative impact on the price of the financial product. At times, measures are taken to insure the financial product by buying insurance in the form of put options.
- Margins and Financial Products – The Client could sustain a total loss of initial margin funds that the Client deposits with the Execution and Clearing Broker to establish or maintain a position in the derivatives or foreign exchange market. If the derivatives or foreign exchange market moves against the Client's position, the Client may be required, at short notice, to deposit with the Execution and Clearing Broker additional margin funds in order to maintain the Client's position. Those additional funds may be substantial. If the Client fails to provide those additional funds within the required time the Client's position may be liquidated at a loss and in that event the Client will be liable for any shortfall in its account resulting from that failure.
- Size of MDA – The size of the MDA will determine the allowed diversity and risk profile of the MDA. Effective risk management depends on a range of factors, including insurance of these positions with put or call options and other factors, including a defined and successful Investment Program.
- The MDA Operator and MDA Manager – The profitability of the MDA is dependent on the MDA Operator's and MDA Manager's successful implementation of the investment strategy set out in the Investment Program. There can be no guarantee that the investment strategy will be realised.
- Licensing Requirements – The ability of Trend and the MDA Manager to continue to manage the MDA in accordance with this MDA Contract and the Corporations Act, is dependent on Trend maintaining its AFS Licence. Maintenance of its AFS Licence depends, among other things, on Trend, its Representatives, its Authorised Representatives and the MDA Manager continuing to comply with its licence conditions and the Corporations Act.
- Tax Considerations for Investors – There may be tax implications arising from the receipt of profit from the MDA. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.
- No guarantee can be given in respect of the future earnings of the MDA or the capital appreciation of the client's investments. The price of investments that the MDA Manager has purchased in the MDA can fall as well as rise over time. Further, no assurance can be given that the strategies employed by the MDA Operator or the MDA

Manager in the past to achieve attractive returns will continue to be successful, or that the return will be similar to that achieved in the past.

- Trend makes no representation as to any return that investors will earn via the MDA and there can be no assurance that the target performance information, set out in the Investment Program, will be in any respect indicative of how the MDA will perform (either in terms of profitability or low correlation with other investments) in the future.
- Despite achieving the track record attached or outlined as a schedule to the MDA contract or on Trend's website, the said track record is un-audited and not representative of any one client's account.
- The performance of the MDA will be affected by charges relating to the investments. Typically, high portfolio turnover may result in correspondingly high transaction costs and the exact amount of brokerage and related transaction costs that will be incurred will depend upon a number of factors, including the nature and frequency of the market opportunities presented, the size of transactions and the transaction rates in effect from time-to-time. Refer to information in the Disclosure of Fees and Commissions outlined in the Statement of Advice – Investment Program.
- The placing of contingent orders (such as a "stop-loss" order) may not always limit the Client's losses to the amount the Client may want. Market conditions may make it impossible to execute such orders.
- Trend may employ certain strategies that depend upon the reliability and accuracy of the analytical investment processes. To the extent such investment processes (or the assumptions underlying them) do not prove to be correct, Trend may not perform as anticipated, which could result in losses.
- Identification and exploitation of the investment objective to be pursued by Trend involves a high degree of uncertainty. No assurance can be given that Trend will be able to locate suitable investment opportunities in which to deploy all of the allocated assets.
- Trend may, on varying occasions, use "bulk ordering". There is risk that the volume of orders may significantly increase the likelihood of "split fills". Accordingly some accounts will receive prices that are more favourable/ detrimental (whatever the case may be) in comparison to other accounts.
- As MDA investing is not carried out on a "pooled" basis, but rather is separated as discrete portfolios, individual account balances and portfolio valuations may vary substantially in comparison to other MDAs.
- Inaccurate and incomplete relevant personal information provided by the Client may result in investments in financial products that are not suitable to the Client's needs.

***Details of Associations or Relationships we have with product issuers or related body corporates that may influence us when providing services to you?***

Trend has a relationship with its nominated Execution and Clearing Broker (as disclosed in the MDA Contract). These relationships in no way influence the provision of financial services by Trend to you.

***The costs, remuneration and other benefits that may be received by us, our employees and others?***

The information in this section is subject to change and does not include information in relation to taxes or duties that you may be required to pay in relation to an investment. Unless otherwise stated, all fees, charges, commissions and benefits disclosed in this FSG are exclusive of the Goods and Services Tax (GST).

*Advisory and dealing services*

Trend is remunerated through the fees and commissions that we charge you for executing transactions on your behalf and for the provision of advice. Fees and commissions charged to you will depend on the type of financial product being traded, the frequency of your trading activity, the type and level of service required and the size of your transaction. Rates are subject to negotiation prior to transacting any business. Fees and commissions, once disclosed and agreed, will be charged to your Trading Account at the time any transaction is executed.

In order to receive our services you will be required to open an account with a third party service provider for the provision of execution and clearing services. In these circumstances Trend will be acting as the referral agent or introducing broker. Depending on the arrangements between Trend and the third party broker Trend's fees and charges will be paid by either of the following two methods:

- Trend's fees and commissions will be charged to your Trading Account by the third party service provider on behalf of Trend. The third party service provider charges Trend a fee for providing its execution and clearing services, and Trend's fees and commissions, less the third party service provider's fee, will be paid to Trend by the third party service provider from time to time. Accordingly, the third party service provider's fee is not an additional cost to you.
- Trend will be receiving a percentage of the commission paid to the third party service provider by you. The amount received by Trend will vary depending on the contractual arrangements entered into between Trend and the third party service provider and will be pursuant to the terms and conditions of your agreement with Trend. Accordingly, Trend's fee is not an additional cost to you.

The fee and commission rates below are the maximum that Trend may charge and are provided as a guide only. A detailed description of the fees, charges and commissions payable are contained in the PDS for the relevant financial product. Trend will provide you with details of the rates applicable to you at the time you enter into the client agreement.

Type of Product	Basis	Maximum fee
Securities - domestic	per transaction	up to AUD\$100 or 0.75% (including GST*) of the transaction value (whichever is greater)
Securities - International	per transaction	up to AUD\$100 equivalent or 0.75% (including GST*) of the transaction value (whichever is greater);
Exchange traded options	per transaction	up to AUD\$100 or 0.75% of transaction value (whichever is greater) (including GST*);
Futures	per transaction	up to AUD\$45 (including GST*) per lot
Contracts for Difference	per transaction	Up to \$60 or 0.5% of the notional value (including GST*)
Margin FX	per transaction	Trend may charge a ticket fee per contract of up to \$15 or where no ticket fee applies Trend may derive its revenue from the FX spread.

\*In some cases fees may be exempt from GST where the supply is made to a non-Australian resident.

There may be other charges applicable to a securities trading account that are passed on by third party service providers. These fees and charges will be fully noted in the Agreement that you will sign with the third party service provider.

**There may be numerous other fees that may triggered depending on the style of your account**

Trend, acting reasonably may change these rates from time to time. Such changes will be notified to you by email, in writing or where you have agreed by us posting a notice to our website, [www.trendinvest.com.au](http://www.trendinvest.com.au). We recommend that you seek advice from a professional tax agent.

MDA Services

If you have opened a Managed Discretionary Account with Trend then you may be subject to the following fees:

- (a) Brokerage charged by the executing broker or the MDA Custodian as the case may be
- (b) MDA Fees which are charged by Trend and comprise of an Administration Fee and a Performance Fee.:
  - (i) Administration Fee - can be a combination of an entry fee of up to 2% of account opening balance and/or ongoing account fees of up to 2% per annum of end of month account balance.
  - (ii) Performance Fee – charged on profit made during the month and can be a rate of to 50% of profit generated depending on the rate of return for the month.

These rates are indicative rates only as the MDA Fee structure is different for different MDA Models. The actual fees will be disclosed in your MDA Contract.

Financial Planning Services

A range of fees and other costs may be payable to us for the advice you receive and the financial products used.

Outlined below are the types of payments that you may be charged. Before we provide you with any financial advice, we will discuss these options with you and help you select the best payment method for you.

Where we are aware that you have used borrowed funds (i.e. funds that are either secured or unsecured) to invest through us, we will charge you a flat dollar advice fee.

In all cases, details of payments required for the services provided will be given to you at the time of any personal financial advice or when executing a transaction on your behalf. You will be provided with a tax invoice for any services provided and payment is generally made to Trend in accordance with the terms of the invoice and is payable by cheque or money order.

These amounts, where they can be determined, will be documented in your SoA. If at the time you receive your SoA the amounts cannot be determined, the manner in which they are calculated will be disclosed instead.

- Fee for Service

Under this method of payment, there are set fees payable for each service provided to you. Those services and fees include:

- You may be charged a fee of \$220.00 including GST for your initial consultation with us.
- There is a set fee for the preparation of a SoA of \$1650.00 including GST.

- There is a current fee for the preparation of your Portfolio review report of \$1,650.00 including GST.

You will be provided with a tax invoice for the service provided and you will need to provide a cheque or money order payable to Trend in accordance with the invoice.

- Hourly Rate Direct Charges

We may charge an hourly rate for financial services. The current rate is \$220 per hour or part thereof. Part or all of the initial commissions received from a product provider may be rebated to you if this charging option is used.

Before going ahead, we will provide you an estimate of the time that we may need.

Trend may receive payments from certain product providers whose products we recommend. These payments are based on the level of investments by Trend clients in those products or level of insurance premiums applicable.

- Adviser Service Fee

The Adviser Service Fee is a fee that we agree on for the ongoing advice and service that we are to provide, and is payable to Trend. Trend may pass all or part of that fee on to your financial planner/ adviser. Some products offer the option to deduct the Adviser Service Fee from your funds on a periodic basis.

- Direct Share Investments

We may charge you a fee over and above the brokerage fee charged by CommSec Adviser Services for trading shares. A management fee based on the value of your direct share investment may also be charged. These fees are optional and have no minimum or maximum.

- Commissions

Trend may receive initial or ongoing commission payments when you invest in a product or commence an insurance policy through us. Under this arrangement, Trend may receive commission payments directly from product providers.

An initial commission is a one-off payment made upon entry to a financial product and an ongoing commission is paid each year for which a financial product is maintained.

Commission payments are based on a percentage of the funds you invest or the insurance premiums you pay. They are not paid directly by you and are instead deducted from the investment, superannuation, loan or insurance premium by the product provider and paid to Financial Wisdom.

*Investment and superannuation products*

The initial commission that Trend may receive on an investment or superannuation product can be up to 5.50% of the investment amount.

The ongoing commission that Trend may receive can be up to 1.10% per annum of the investment amount.

Trend only receives initial or ongoing commission payments on investment or superannuation products, where they are entitled to receive these payments through existing arrangements with product providers.

#### *Insurance policies*

The initial commission that Trend may receive on insurance policies can be up to 135% of the first year's premium.

The ongoing commission that Trend can receive may be up to 38.50% per annum of the renewal premium.

We only receive commission payments where we are entitled to receive these payments through existing arrangements with product providers.

Any commission payments that Trend receives are not an additional cost to you.

#### *Margin Lending*

Trend may receive commission payments on margin loans which are based on a percentage of the loan amount. This commission is paid on an annual basis and Trend may pass this on to your financial planner/ adviser. Trend will only receive initial or ongoing commission payments on margin loans, or additional drawdowns to these products, where they are entitled to receive these payments through existing arrangements with product providers.

#### General comments

All fees are in Australian dollars and are exclusive of GST unless advised otherwise. All fees, commission and charges are subject to change.

Our directors, employees, representatives and authorised representatives may in turn be remunerated on a commission basis for the services provided to you. Their remuneration is included in the commissions discussed above. Where your business has been referred to Trend or your trade instructions require the use of a third party, Trend may be required to share a percentage of the commission or other charge with other parties.

Payments to directors, employees, representatives, authorised representatives and referral agents will only be paid if they are authorized by you.

#### ***If you have a complaint, how it will be dealt with?***

If you wish to make a complaint, the Managing Director (Mr Alex Papas) can be contacted on (07) 5532 7118 or by email (see details below) Trend has a formalised client complaint resolution procedure. All complaints are reviewed and investigated by our Compliance Officer. If you make a complaint, our first response will be to contact you to discuss the complaint and to register a formal record of such complaint. We will try to resolve your complaint quickly and fairly.

If, despite our best efforts, you believe your complaint has not been satisfactorily dealt with, we offer clients the use of an independent industry arbiter, namely, the Financial Ombudsman Service (FOS). Trend has agreed not to contest a final resolution from FICS.

You can contact FOS by writing to:

#### **Financial Ombudsman Service**

GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1300 780 808  
Facsimile: (03) 9613 6399  
Website: [www.fos.org.au](http://www.fos.org.au)

In accordance with Regulatory Guide RG126 and Section 912B of the Corporations Act 2001, Trend has Professional Indemnity Insurance in place which covers the work done for it by its representatives and employees.

#### ***For what purpose do we use your contact data.***

Privacy is an important issue for us and we are committed to ensuring full compliance with Privacy Act requirements.

The personal data that we collect from you will only be used by us to assist in the planning of marketing proposals, education seminars and provision of general product advice to clients.

#### ***How you can contact us?***

**Telephone:** (07) 5532 7118  
**Facsimile:** (07) 5561 1688

**Mail:** PO Box 1755 Southport QLD 4215

**In person:**  
Unit D, 4 Railway St, Southport QLD 4215

**Net:** [www.trendinvest.com.au](http://www.trendinvest.com.au)

**Email:** [info@trendinvest.com.au](mailto:info@trendinvest.com.au)