



## Financial Services Guide

# Trend Investor Services Proprietary Limited

ABN 65 061 768 670

AFSL No. 255475

This Financial Services Guide (FSG) is dated 27<sup>th</sup> November 2017 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 has two offices in Australia one located in Southport, Queensland and the other in Chatswood, New South Wales. 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.

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.

##### *Managed Discretionary Account (MDA) Services*

The only exception that applies to the above is where you have opened a MDA. In the case of MDAs, 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 MDA.

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.

For more details please refer to the Annexure titled 'Managed Discretionary Account Services'.

## 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.

### **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 the Third Party Service Providers it may introduce you to for the provision of dealing services which includes execution and clearing services and holding client funds. 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 dealing 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 service provider 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 (plus GST*) or 1% of the transaction value (plus GST*) (whichever is greater)
Securities - International	per transaction	up to AUD\$100 equivalent (plus GST*) or 1% of the transaction value (plus GST*) (whichever is greater);
Exchange traded options	per transaction	up to AUD\$100 (plus GST*) or 1% of transaction value (plus GST*) (whichever is greater);
Futures	per transaction	up to AUD\$50 per lot (plus GST*)
Contracts for Difference	per transaction	up to AUD\$60 or 0.5% of the notional value (plus 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 be signing with the third party service provider.

There may be numerous other fees that may be 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:

- Brokerage charged by the third party service provider as the case may be
- MDA Fees which are charged by Trend and comprise of an Administration Fee and a Performance Fee.:
  - Administration Fee - can be a combination of an upfront entry fee (ie. a percentage of account opening balance) and/or annual ongoing account fees (ie. a percentage of end of quarter account balance).
  - Performance Fee – charged on profit made during the quarter (ie. a percentage of profit generated depending on the rate of return for the quarter).

The rates that apply to each MDA are detailed in the tables included at the end of this FSG.

### 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 \$440.00 including GST for your initial consultation with us.
- There is a set fee for the preparation of a SoA of \$4,400.00 including GST.
- There is a current fee for the preparation of your Portfolio review report of \$4,400.00 including GST.

You will be provided with a tax invoice for the service provided and you will need to ensure payment is made by the due date. Payment options will be outlined on the invoice and include electronic funds transfer, 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 \$440 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 Trend.

*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 FOS.

You can contact FOS by writing to:

**Financial Ombudsman Service**

GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1800 367 287  
Facsimile: (03) 9613 6399  
Website: [www.fos.org.au](http://www.fos.org.au)

In accordance with Regulatory Guide RG126, Regulatory Guide RG179 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?***

	<b>Queensland Office</b>	<b>New South Wales Office</b>
<b>Telephone:</b>	(07) 5532 7118	1300 059 249
<b>Facsimile:</b>	(07) 5561 1688	(02) 9406 5999
<b>Mail:</b>	PO Box 1755 Southport QLD 4215	PO Box 200 Chatswood NSW 2057
<b>In person:</b>	Unit D, 4 Railway St  Southport QLD 4215	Central Plaza Tower Tower 1, Level 10 475 Victoria Ave Chatswood NSW 2067
<b>Net:</b>	<a href="http://www.trendinvest.com.au">www.trendinvest.com.au</a>	
<b>Email:</b>	<a href="mailto:info@trendinvest.com.au">info@trendinvest.com.au</a>	

## **Annexure: Managed Discretionary Account Services**

### ***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.

Either the Adviser or the MDA Manager appointed by Trend (as disclosed in the MDA Contract that you have signed with Trend) will be responsible for reviewing the Investment Program once every 13 months.

Where your relevant personal circumstance have changed you will be responsible for informing either Trend, the MDA Manager or the Adviser (as the case may be) and the Adviser or the MDA Manager appointed by Trend (as disclosed in the MDA Contract that you have signed with Trend) will review the Investment Program and MDA Contract to ensure it remains suitable for you.

### ***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 (ie. provision of personal advice to retail clients and Statement of Advice) and Division 2 of Part 7.7A of the Corporations Act (ie. best interest obligations). 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 under an MDA?***

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 Third Party Service Provider in either a Clients' Segregated Account or a Trust Account. The Third Party Service Provider 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.

### **Non-Limited Recourse Products and Facilities**

Non-limited recourse products or facilities can include loans used to acquire financial products (including margin loans), and certain types of derivatives and foreign exchange contracts.

Investing in non-limited recourse products or facilities can significantly increase your investment risk. Specifically, a non-limited recourse product or facility imposes a legal obligation on you to pay an amount to another person or financial institution in the event of the occurrence or non-occurrence of something where the rights of the other person or financial institution are not limited to any property or asset that you have paid or set aside as security for the agreement.

#### *Example 1: Margin Loan*

If you use \$50,000 of your own money and borrow \$450,000 via a margin loan to invest in \$500,000 in shares - if your shares suffer a significant decrease in value to \$200,000 and you are required to meet a margin call from the lender immediately to fully repay your margin loan, you may be forced to sell \$250,000 of your other assets and property to make up the shortfall in value due to the decrease in value of your shares which have been held as security for the margin loan.

#### *Example 2: Derivatives and Foreign Exchange (FX) Contracts*

This example is based on a \$20,000 account

<b>TRADE</b>	<b>Gold long CFD</b>	<b>EUR/USD Long FX Contract</b>
Position Size	60,000	80,000
Open Price	1550	1.5020
Stop Loss	1450	1.5120
% Risk on Account	3%	4%
Close Price	1450	1.5210
Result*	(\$600) loss	(\$800) loss

In circumstances where non-limited recourse products or facilities are part of the MDA Service offered by Trend, you should understand that you can lose an amount greater than the current value of your investment, in which case you can be forced to dispose of the other assets and property you own (including your family home if it is in your name) to repay your loan.

The level of leverage and risk in terms of an MDA that could be offered to you is unknown at this point because the requisite due diligence of your circumstances, needs and objectives has not been conducted and are not known, and hence the underlying product holding of your MDA is also unknown. However, where advice is provided to you in the form of the Investment Program – SOA, which involves non-limited recourse products and facilities, then the level of leverage and risk related to the non-limited recourse products and facilities will be fully disclosed to you in writing, in order for you to be able to make an informed decision as to whether to proceed with the MDA.

If we issue MDA Services to you and as part of the Investment Program you will be using or trading Non-Limited Recourse Products or Facilities, we will provide to you the Product Disclosure Statement (PDS) produced by the Third Party Service Provider (ie. issuer) that such financial products are acquired through. The PDS contains important information about the financial product, including, but not limited to:

- Margin requirements;
- Acceptable collateral (if applicable);
- Information about leverage;
- Significant risks

Trend will monitor the trading activity and ensure that the risk parameters (ie. where relevant use of stop losses, maximum loss limits, requirement to close positions, etc) defined in the Investment Program – SOA are adhered to and that Margin Calls are sent to clients and met by clients pursuant the Investment Program – SOA.

#### **Outsourcing arrangements under the MDA Service**

Trend has outsourcing arrangements in place with third party service providers that are responsible for the provision of dealing services which includes execution and clearing services and holding client funds. The third party service provider that will be responsible for providing these services to you is dependent on the MDA you invest in and is disclosed in the Fee and cost tables at the end of this FSG. MDA clients are required to enter into a separate arrangement with Trend with respect to these services.

Trend may also outsource certain administrative functions on an adhoc basis to reputable service providers. Where relevant the name of your administration service provider will be disclosed in the MDA Contract.

Prior to engaging with any third party service provider, Trend will assess the service provider on their merits and reputation, and will consider matters such as:

- their size and reputation in the market;
- their duration of operation and their track record;
- their financial stability; and
- any other factors deemed relevant at the time.

Trend, generally, only deals with reputable third parties known to deliver professional services to their customers.

When we outsource functions to a third party, we establish a contract, we monitor the performance of that third party closely by observing the performance of their service, and we monitor their services against the agreed contractual services.

### **Managed Discretionary Account Fees and Other Costs**

**Did you know?** Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features, such as investment performance or use of an MDA Service, justify higher fees and costs.

**To find out more:** If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

The following information shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the funds and assets held in your MDA.

Trend does not provide tax advice and you should obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

The following tables set out the fees and costs for the Trend MDAs.

<b>MDA Provider: Trend Investor Services Proprietary Limited</b>		
<b>MDA Manager – Alex Papas and Mark Ewin</b>		
<b>Strategy Name: Equities and Derivatives Strategy</b>		
<b>Investment Universe: Equities and Exchange Traded Derivatives</b>		
<b>Type of fee or cost</b>	<b>Amount</b>	<b>How and when paid</b>
<b>Fees when your money moves in or out of the managed investment product</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	N/A
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	N/A
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	N/A
<i>Exit fee</i> The fee to close your investment	Nil	N/A
<b>Management costs</b>		
<i>Management Fee</i> <sup>1</sup> The fees and costs for managing your investment	2.2% per annum	Payable in arrears on the last business day of the quarter and will accrue daily between such dates based on the balance of the account at the end of the quarter.
<b>Service fees</b>		
<i>Switching fee</i> The fee for changing investment options	Nil	N/A
<i>Performance Fee</i> <sup>1</sup> The fee on new net profit within a quarter	22%	Payable in arrears on the last business day of the quarter and will accrue daily between such dates based on new net profit within a quarter.
<i>Transaction Fees</i> <sup>1</sup> The fees charged by the Third Party Service Provider for the provision of dealing services	Refer to section titled 'The costs, remuneration and other benefits that may be received by us, our employees and others'	Per transaction

1. This fee includes an amount payable to an adviser.

For details of fees and costs relating to the other MDAs offered by Trend please refer to the end of this document.

## Example of MDA Fees

The following table provides an example of how the fees and costs in the Trend MDA can affect your investment over a one year period. You should use this table to compare this product with other MDA Services.

EXAMPLE		BALANCE OF \$50,000 AND NO CONTRIBUTIONS DURING THE YEAR															
Management fee	2.2% per annum	<p>Trend charges the Management Fee on a quarterly basis, based on the Net Portfolio Value at the end of the quarter (ie. cash and market value of all financial products held in the account).</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Account Balance</th> <th>Management Fee</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$52,000</td> <td>\$286.00</td> </tr> <tr> <td>2</td> <td>\$51,000</td> <td>\$280.50</td> </tr> <tr> <td>3</td> <td>\$54,000</td> <td>\$297.00</td> </tr> <tr> <td>4</td> <td>\$55,000</td> <td>\$302.50</td> </tr> </tbody> </table> <p>The Annual Management Fee would be \$1,165.55</p>	Quarter	Account Balance	Management Fee	1	\$52,000	\$286.00	2	\$51,000	\$280.50	3	\$54,000	\$297.00	4	\$55,000	\$302.50
Quarter	Account Balance	Management Fee															
1	\$52,000	\$286.00															
2	\$51,000	\$280.50															
3	\$54,000	\$297.00															
4	\$55,000	\$302.50															
Performance fee	27.5%	<p>Trend charges the Performance Fee on a quarterly basis, based on new net profit within a quarter.</p> <p>If you invested \$50,000 in the MDA and made a new net profit of \$5,000 within the year then you would expect the Annual Performance Fee to be \$1,100.00. This estimate is inclusive of Goods and Services Tax (GST), and is provided as an example only and is not a forecast. The actual performance fee may be higher, lower or not payable at all.</p>															

### Additional explanation of fees and costs

#### *Management Fee*

The Management Fee is calculated based on the Net Portfolio Value at the end of the quarter and accrues daily between such dates. It is deducted the following month.

When you close your account, the Management Fee will be calculated on the Net Portfolio Value at the closure date on pro-rata basis and deducted from the account prior to the account closure being processed and finalized.

The fee is quoted inclusive of GST.

#### *Performance Fee*

A Performance Fee is payable in addition to the Management Fee.

Performance Fees are payable in arrears on the last business day of the quarter and will accrue daily between such dates. It is deducted the following month.

A High Water Mark is applied to the Performance fee to ensure that any negative performance is recouped before another Performance Fee is charged.

This means that the Performance Fee will not apply to any quarter in which a trading loss is sustained and such a loss will have to be recovered before the Performance Fee is again applied.

The fee is quoted inclusive of GST.

#### *Transaction fees*

As part of the MDA Service you will be charged Transaction Fees each time the MDA Manager trades on your behalf (ie. buys or sells a financial product for you).

These costs will depend on the frequency of trading within the MDA, which is determined by the investment strategy included in the Investment Program.

Further information about the Transaction fees, can be found on pages 4 – 6 in the section titled Refer to section titled 'The costs, remuneration and other benefits that may be received by us, our employees and others'.

<b>MDA Provider: Trend Investor Services Proprietary Limited</b> <b>MDA Manager – Kings Road Wealth Management Pty Limited trading as Global Equity Markets Wealth Strategies, Rene Ferris and Ryan Davies</b> <b>Strategy Name: Global Equity Markets Wealth Strategy</b> <b>Investment Universe: Exchange Traded Derivatives, Over-the-Counter Derivatives and Foreign Exchange Contracts</b>		
Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	N/A
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	N/A
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	N/A
<i>Exit fee</i> The fee to close your investment	Nil	N/A
<b>Management costs</b>		
<i>Management Fee</i> <sup>1</sup> The fees and costs for managing your investment	Nil	N/A
<b>Service fees</b>		
<i>Switching fee</i> The fee for changing investment options	Nil	N/A
<i>Performance Fee</i> <sup>1</sup> The fee on new net profit within a quarter	Nil	N/A
<i>Transaction Fees</i> <sup>1</sup> The fees charged by the Third Party Service Provider for the provision of dealing services	Refer to section titled 'The costs, remuneration and other benefits that may be received by us, our employees and others'	Per transaction

1. This fee includes an amount payable to an adviser.

<b>MDA Provider: Trend Investor Services Proprietary Limited</b> <b>MDA Manager – TakeMyTrades Pty Ltd and Michael Alastair Lean</b> <b>Strategy Name: Global Trader Strategy</b> <b>Investment Universe: Over-the-Counter Derivatives and Foreign Exchange Contracts</b>		
Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	N/A
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	N/A
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	N/A
<i>Exit fee</i> The fee to close your investment	Nil	N/A
<b>Management costs</b>		
<i>Management Fee</i> <sup>1</sup> The fees and costs for managing your investment	2.2% per annum	Payable in arrears on the last business day of the quarter and will accrue daily between such dates based on the balance of the account at the end of the quarter.
<b>Service fees</b>		
<i>Switching fee</i> The fee for changing investment options	Nil	N/A
<i>Performance Fee</i> <sup>1</sup> The fee on new net profit within a quarter	27.5%	Payable in arrears on the last business day of the quarter and will accrue daily between such dates based on new net profit within a quarter.
<i>Transaction Fees</i> <sup>1</sup> The fees charged by the Third Party Service Provider for the provision of dealing services	Refer to section titled 'The costs, remuneration and other benefits that may be received by us, our employees and others'	Per transaction

1. This fee includes an amount payable to an adviser.