



MANAGED ACCOUNT SERVICE
COMBINED FINANCIAL SERVICES GUIDE

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About this document

This Financial Services Guide ('FSG') is an important document. You should read it carefully and make sure you understand it.

The purpose of this FSG is to assist you in deciding whether to invest through the managed discretionary account ('MDA') service ('**Managed Account Service**') offered by MDA Operator Pty Ltd (ABN 43 609 025 130, Authorisation No. 001237411 ('**MDA Operator**'), an authorised representative of Wealth02 Services Pty Ltd (ABN 20 610 852 456 / AFSL No. 500032) ('**Wealth02**').

This FSG explains:

- who the providing entities of the Managed Account Service are
- information about investing through the Managed Account Service, including the significant risks of doing so, and how you can give instructions
- other disclosure documents you may be given in respect of the Managed Account Service
- financial services and products we are authorised to provide
- how you can set up an account with us
- how we, and other relevant people, get paid in relation to the Managed Account Service and any other benefits we may receive
- how we deal with customer complaints and where you can go for further help
- our compensation arrangements
- potential conflicts of interest
- record-keeping and privacy

This FSG complies with ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968, and replaces all prior versions.

Who we are

The providing entities of the financial services described in this FSG are:

- MDA Operator; and
- Wealth02 (together, '**we**'/'**us**'/'**our**').

Wealth02 and MDA operator are wholly owned subsidiaries of Finlancer Holding Pty Ltd (ABN 93 603 824 835).

Wealth02 and MDA Operator have jointly prepared and issued this FSG, and Wealth02 authorises MDA Operator to distribute it.

Wealth02 has appointed MDA Operator to manage, operate and administer the Managed Account Service on Wealth02's behalf, under the name "**Wealth02 Managed Account Service**". MDA Operator's primary business is the operation of the Managed Account Service, which is available to both retail and wholesale investors. As the holder of the Australian Financial Services licence ('**AFSL**'), Wealth02 will supervise the Managed Account Service and will ensure that MDA Operator complies with all applicable regulatory requirements when providing the

Managed Account Service to you on Wealth02's behalf.

Wealth02 and MDA Operator do not presently outsource any activity of our Managed Account Service to third parties. However, we have measures in place to ensure that if we decide to outsource any function related to our AFSL obligations, due skill and care is taken in choosing suitable service providers, that service levels are agreed and we monitor the provider's ongoing performance to ensure compliance with Wealth02's obligations as licensee. These measures would be applied in future if any functions of the Managed Account Service were to be outsourced to another party.

Your adviser (**'Financial Adviser'**), who is named in the Schedule to this FSG, will prepare the instructions to MDA Operator for the implementation of your Managed Account Service (**'Investment Program'**) that will be included as a schedule in the agreement between you, Wealth02 and MDA Operator (**'Managed Account Agreement'**). For more details regarding your Financial Adviser, please refer to their FSG.

If your Investment Program includes investments in unlisted managed funds, you will need to join uXchange (ARSN 618 455 673) (**uXchange**) and we will arrange for investments in the relevant funds to be made and held through your uXchange account on your behalf. uXchange Pty Ltd, the administrator and promoter of uXchange, is a related body corporate of Wealth02 and MDA Operator and has also been appointed by Wealth02 as an authorised representative under the Wealth02 AFSL. All relevant uXchange disclosure documents are available from uxchange.com.au

If your Investment Program includes listed securities, then you will need to appoint a broker (**'Broker'**) to execute trades on the relevant financial market/s on your behalf) in accordance with instructions we provide to them on your behalf.

Who we act for when providing you with the Managed Account Service

Wealth02 and MDA Operator act on your behalf when providing the Managed Account Service to you.

About the Wealth02 Managed Account Service

In broad terms, MDA services are arrangements that involve a service provider (**'MDA Provider'**) managing a portfolio of assets for a client on a segregated basis - that is, the client's assets are not pooled with other clients' assets. This may include arrangements that are commonly marketed in the industry as separately managed accounts, investment advisory programs, managed discretionary portfolio services and discretionary portfolio accounts.

Through our Managed Account Service, we assist financial advisers to manage their clients' portfolios using either a discretionary (**'MDA Services'**) or individual (**'IMA Services'**) approach. MDA Operator works with your Financial Adviser, who is also acting on your behalf, to ensure that any Investment Program formulated for you is in accordance with the Managed Account Agreement.

Typically, model portfolios, together with any customisation, form the basis of an Investment Program.

The Managed Account Service includes the following components:

- validation (analytics) of each Investment Program to be implemented;
- annual Review reminder, reminding your Financial Adviser to conduct an annual review meeting with you regarding your Managed Account Service arrangements, suitability and Investment Program;
- providing you with quarterly and annual reports which include information regarding the transactions undertaken on your behalf, holdings, valuation and revenue and expenses incurred during the period; and
- periodic rebalancing of your portfolio, at least annually, for existing monies and more frequently on receipt of new monies or a withdrawal request (subject to market and regulatory conditions).

MDA Operator uses proprietary software to support the Managed Account Service. This software assists in portfolio construction and maintains version control of the models and products used by your Financial Adviser as the building blocks of your Investment Program.

Your Financial Adviser can also customise the Investment Program for you through the use of rules and exclusions called Screens and Constraints. Investor agreed trading and screening restrictions and constraints are also taken into account by the rebalancing engine of our software. This means your Financial Adviser can tailor your Investment Program to prevent specific actions (buys or sells) on a tax effectiveness or ethical basis in accordance with your prior agreed instructions. Trading restrictions will set minimum parcel values for orders, to minimise brokerage costs.

Ownership of assets

We refer to the portfolio of assets covered by the Managed Account Service as your '**Managed Account**'.

You will be the legal and beneficial owner of the cash, as well as any term deposits and Australian listed assets in your Managed Account.

If your Managed Account includes listed international securities, you will be the beneficial owner and there will be a nominee appointed as the legal owner in accordance with terms agreed with your Broker.

If your Managed Account includes investments in unlisted funds, they will be held within your uXchange account. You will be the ultimate beneficial owner and the legal owner will be the custodian appointed by the responsible entity of uXchange in accordance with the uXchange governing terms.

The Managed Account Service does not include custodial or depository services. This means that we do not hold legal title to any assets on your behalf.

Although you will own the assets that form part of your Managed Account, we and your Financial Adviser have the authority and control over those assets, so if you wish to conduct any transactions relating to those assets, you will need to give instructions to us or to your Financial Adviser to undertake the transactions on your behalf.

Before you can invest through the Managed Account Service

You must consult your Financial Adviser before investing through our Managed Account Service. MDA Operator does not provide personal financial advice in respect of the Managed Account Service.

If you choose to invest via the WealthO2 Managed Account Service your Financial Adviser will recommend an Investment Program containing an investment strategy. Your Financial Adviser will also consider whether that Investment Program should be customised to better suit your needs. MDA Operator will ensure that the Investment Program implemented for you is what you have agreed to. Your Financial Adviser will be responsible for reviewing your Investment Program at least annually to ensure it remains suitable for you.

Managed Account Agreement and Investment Program

The Managed Account Service is a service where we act with discretion over your investment portfolio within agreed parameters. Before we can provide the Managed Account Service to you, you must enter into a Managed Account Agreement with us.

The Managed Account Agreement is the agreement that governs the services that we provide to you in respect of the establishment and operation of your Managed Account.

Under the Managed Account Agreement, we will make decisions regarding the investments held within your Managed Account at our discretion without prior consultation with you and you will be bound by our actions and the changes we make. If we agree to provide you with IMA Services then we will seek your prior instructions before making certain changes in respect of the investments held within your Managed Account, as detailed in the Managed Account Agreement.

The Investment Program prepared by your Financial Adviser will form part of the Managed Account Agreement and MDA Operator will only undertake transactions on your behalf in accordance with the investment strategy recommended by your Financial Adviser.

The Investment Program and/or Statement of Advice ('**SoA**') prepared by your Financial Adviser must be prepared in accordance with the requirements in Division 3 of Part 7.7 and Division 2 of Part 7.7A of the *Corporations Act 2001* (Cth) ('**Corporations Act**') and will contain information on:

- investment choice(s) recommended by your Financial Adviser and asset allocation weightings forming part of your Investment Program;
- the nature and scope of the discretions that WealthO2 and MDA Operator will be authorised and required to exercise, and the investment strategy to be applied in exercising those discretions;
- any significant risks associated with the Managed Account Service;
- the basis on which your Adviser considers that the Managed Account Service is suitable for you; and
- warnings:
 - o that the Managed Account Service may not be suitable for you if you have provided limited or inaccurate information to your Financial Adviser about your relevant circumstances, and may cease to be suitable if your relevance circumstances change; and
 - o about the importance of any limitations relating to the Managed Account Service which you must consider before signing the Managed Account Agreement.

Your Financial Adviser will be responsible for reviewing (and, if necessary, amending) your Investment Program at least annually to ensure it remains suitable for you.

Significant risks of investing through the Managed Account Service

Investing via the Managed Account Service and granting discretions to other parties to manage your investments on your behalf involves inherent risks.

These risks are attributable to the performance by Wealth02 and MDA Operator of their obligations under the Managed Account Agreement and in respect of the investments that are made through the Managed Account Service on your behalf.

The risks of using our Managed Account Service can broadly be categorised into the following types:

- risks associated with entering the Managed Account Agreement and using the Managed Account Service
- investment risks associated with the investment strategy recommended and/or the financial products you access through your Investment Program.

The actual investment risks may vary significantly from those set out below and will depend on the actual investments you access through the Investment Program designed by your Adviser.

You need to consider and manage these risks. The summary below is a guide only and is not an exhaustive list of all the risks.

General and Operational Risks

Advice risk

If you do not correctly disclose all your relevant circumstances, needs and objectives to your Financial Adviser, or do not provide relevant information in a timely manner (including regarding changes in your stated circumstances, needs or objectives), your Investment Program may not be appropriate for you. Your Financial Adviser may not correctly identify or take into account your circumstances, needs and objectives and may recommend an Investment Program that is not appropriate for you. Your Adviser is authorised to act on your behalf and may not communicate your instructions accurately to us or may not communicate them in a timely fashion, which could result in incorrect or delayed investment decisions, and cause you loss.

Counterparty risk

You authorise MDA Operator and Wealth02 to act with discretion in respect of your Managed Account Service, in accordance with the terms of your Managed Account Agreement. This includes operating your accounts and making decisions regarding your investments.

If you elect to be provided with:

- MDA Services- we will exercise the discretions granted to us in accordance with the Managed Account Agreement and your Investment Program, without limitation or prior consultation with you; or
- IMA Services - we will provide you with advance notice and seek your instructions

regarding some changes to your investment portfolio, as set out in the Managed Account Agreement.

You must assess whether you are comfortable delegating your authority, and the day to day decision making regarding the investments in your Managed Account, to us. While we are responsible for the Managed Account Service that we have agreed to provide to you, MDA Operator and Wealth02 do not guarantee or make any representations concerning the future performance of your investments, return of capital, the success or taxation consequences of any strategy we may use or that our decisions will achieve your expectations and needs.

These risks may affect the value of your investment and the return you may receive.

MDA Operator will endeavour to transact with counterparties and engage service providers which have a low known risk of defaulting, although these risks cannot be eliminated entirely.

The Australian listed assets in your Managed Account and your cash account are held in your name and therefore the counterparty risk for these asset classes is considered to be low.

Any international listed securities in your Managed Account are held in your name under a nominee arrangement facilitated through the Broker and therefore there is some custodian and/or counterparty risk for this asset class.

Any unlisted managed fund assets in your Managed Account will be held within your uXchange account. You will be the ultimate beneficial owner and the legal owner will be the custodian appointed by the responsible entity of uXchange in accordance with the uXchange governing terms.

Investment management risk

Your Financial Adviser may recommend and appoint one or more investment manager(s) to manage the model(s) that form part of your Investment Program, and the success of the model(s) will depend upon each investment manager's ability to successfully implement their investment strategies. The investment manager may not be successful in meeting their investment objectives. If the chosen investment manager changes, key staff leave, or their services are no longer offered, the model may need to change and this may affect the composition of the investments in your Managed Account, and any of these events could ultimately impact the performance of the model, the value of your investment and/or the returns generated by your investment.

Taxation risk

Decisions that we make and actions we take on your behalf may have capital gains or income taxation consequences for you depending on your personal tax position and you should obtain your own tax advice regarding this risk. Neither MDA Operator nor WealthO2 will familiarise ourselves with or have regard to any taxation consequences of investment decisions made and transactions undertaken for you and none of the information we provide to you should be regarded as taxation advice.

System and information risk

Our Managed Account Service is dependent on information provided by third parties, operations and systems. There is the risk that MDA Operator may receive erroneous information or be unable to verify the accuracy of any information it relies upon (e.g. product price feeds). Further, the operations and systems MDA Operator uses may become inaccessible or malfunction, which may affect the proper and timely functioning of the Managed Account Service. Although we have business continuity procedures in place, delays may still be experienced. If we are unable to implement transactions relating to your Managed Account correctly or in a timely fashion, this could adversely impact investment outcomes and you may suffer loss.

Risks associated with investments

This summary is a guide only and is not an exhaustive list of all the risks. You must refer to the Product Disclosure Statement or other available disclosure document for the risks associated with specific assets in your Managed Account.

Legislative risk

Changes to the taxation or security laws may impact the tax effectiveness of your investment and/or the returns generated by your investment.

Diversification risk

Lack of diversification across asset classes (for example shares, property, cash, fixed interest) over your investments may result in more volatility of your return.

Market risk

Movements in a market sector, due (for example) to interest rate movements, or economic factors may have a negative impact on your investment and/or on the returns generated by your investment. Market values may be volatile and loss of capital may occur.

Global risk

International factors such as exchange rate fluctuations and movements in international stock markets may affect the value of your investments if they are priced in foreign currency. Additionally, these investments may not be hedged effectively or hedged at all from exchange rate fluctuations.

Sector risk

Risk associated with a particular industry's specific products or services due (for example) to changes in consumer demand or commodity prices.

Trading risk

It may not always be possible to fully implement the buy and sell instructions, which may cause you loss. This may occur in certain circumstances, including for example when:

- trade orders are not able to be fully executed or may need to be executed in increments on the market. (e.g. illiquid stocks or where full execution of the trade order would expect to 'move the market' and accordingly, affect the share price of the relevant security);
- a trade order is rejected if a security becomes suspended or placed in a trading halt;
- your Broker requires us to submit trade orders of a minimum size, or otherwise places conditions on the order in accordance with their rights under their client agreement with you; or
- you have insufficient cash in your account to meet your obligation to settle a purchase.

Liquidity risk

You may instruct us that you wish to withdraw funds from your Managed Account at any time, however you will need to give us at least 7 business days' advance notice before funds will be available to you.

There is also a minimum withdrawal amount of \$5,000 (unless the Managed Account Service is being terminated and your Managed Account is being closed). There is also a requirement to maintain a minimum cash balance of \$2,000 in your Managed Account to meet anticipated fees and charges. These requirements are detailed in the Managed Account Agreement. We will determine which, if any, investments will be sold to accommodate the withdrawal (and will only seek your prior instructions if you are receiving IMA Services). There may be delays in processing withdrawals due to matters beyond our control, which could lead to it being longer than 7 business days after your withdrawal request before funds are available to you. It may not be possible to sell your investments in a timely manner, for example: your Broker may not be able to sell illiquid securities that are rarely traded on the ASX or are restricted or suspended from trading; withdrawals from unlisted property trusts may be delayed where the underlying property asset requires a considerable amount of time to sell; or notice periods of 31 days may be required to terminate a term deposit early. While we will ordinarily endeavour to sell assets with a view to maintaining your proportionate holdings of each asset in your Managed Account, in certain instances of this nature, we may sell more of those assets which can be more readily liquidated and less of those which take longer to sell. We may then need to rebalance your portfolio (by buying and selling other assets) to ensure that investments continue to be held in accordance with the Investment Program.

Specific asset risk

The risk of loss of funds invested can increase depending on the specific assets invested in, and investment or trading strategies adopted. For example, if your Investment Program includes financial products such as managed funds that use leverage, undertake short selling or invest in sophisticated financial products (i.e. derivatives, futures, foreign exchange contracts and options), these products and strategies may potentially experience losses that are large in proportion to the money invested in them. Where we are acting with discretion you will not necessarily have visibility over those losses until you receive your quarterly reports.

Before agreeing to the asset classes and any managed funds and strategies recommended in your Investment Program, you must read the relevant product disclosure documents including SoA, Product Disclosure Statements ('PDSs') and information booklets, which will provide more details about the benefits and significant risks of investing in those products.

Inflation risk

Your investments may not keep pace with inflation so that over time your money has less purchasing power.

Credit risk

Your capital and/or the interest earned on that capital may not be paid due to the default of the underlying bank or deposit taking institution.

How you may give instructions

Under the Managed Account Agreement, unless otherwise agreed, you must give us instructions in respect of your Managed Account in writing, including by email, or through your Financial Adviser. You may instruct us that you wish to make further contributions or withdraw funds from your Managed Account at any time, however you should allow sufficient time in advance of requiring the funds in the case of withdrawal, as we require at least 7 business days' prior notice (in some cases longer) in order to realise and transfer assets. Refer to "Liquidity risk" above.

Generally, MDA Operator will not participate in corporate actions, particularly where there is an individual tax consequence such as a share buy-back, or in dividend reinvestment plans, unless your Financial Adviser specifically requests us to in writing on your behalf on a case by case basis.

Your Financial Adviser and/or the registry will contact you regarding corporate actions on securities you hold. We do not receive notification from the registry and therefore we will not notify you. Contact your Financial Adviser in circumstances where you would like to participate in a corporate action or a dividend reinvestment plan for a security in your Managed Account.

Other disclosure documents you will be given

MDA Operator or your Financial Adviser will provide you with the Information Brochure about the Wealth02 Managed Account Service.

If you are a retail client, your Financial Adviser will give you a SoA. The SoA is the document that summarises your situation and goals and sets out your Financial Adviser's advice and recommendations (including recommended investment strategy for the Managed Account Service)

together with information about fees, benefits and associations related to the provision of the advice to you.

You may also be given a PDS issued by the product issuer of any financial product that you are to acquire and hold within your Managed Account (other than listed securities). A PDS is a document that describes a financial product and contains important information to assist you to make a decision about whether to invest in or dispose of the product.

Financial services we are authorised to provide in respect of the Managed Account Service

Relevant to the Managed Account Service, Wealth02 is authorised under its AFSL, and has authorised MDA Operator under the Wealth02 AFSL to:

- deal (issue, apply for, acquire, vary or dispose of) in MDA services and securities;
- deal (apply for, acquire, vary or dispose of on behalf of another person) in:
 - o deposit and payment products limited to basic deposit products and non-basic deposit products;
 - o interests in managed investment schemes, including IDPS, and MDA services; o government issued debentures, stocks and bonds; and o securities; and
- provide financial product advice for the above classes of financial products. However, MDA Operator does not provide personal financial product advice to clients in respect of the Managed Account Service or underlying or proposed Managed Account portfolio assets.

How to establish your Managed Account Service

Your Financial Adviser will give you the Managed Account Agreement (which contains the Investment Program proposed by your Financial Adviser) to review and sign. The Investment Program put in place for you will be recommended by your Financial Adviser as being suitable for you based on your personal circumstances. Investment choice(s) forming part of your Investment Program will be outlined within your SoA from your Financial Adviser.

To establish a Wealth02 Managed Account, you must then complete and sign forms required by Wealth02, MDA Operator and various product and service providers which may include the responsible entity of uXchange (Equity Trustees Limited), Australian Money Market Pty Ltd (an intermediary who may assist us to set up investments in term deposits on your behalf), banks and Brokers. The account set up process will vary depending on the specific services and products you require. Your Financial Adviser will assist you to establish all the accounts necessary for us to operate the Managed Account Service.

Fees and costs of the Managed Account Service

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 account 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 superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs were applicable. Ask your financial adviser or us.

TO FIND OUT MORE

If you would like to find out more please contact MDA Operator Pty Ltd or your financial adviser. To see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (**ASIC**) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your monies, from the returns on your investment or from the assets of your Managed Account portfolio.

This document does not contain information about taxes. You should also seek advice on the tax implications of your Managed Account portfolio.

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

Managed Account Service		
Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Managed Account Service¹		
Establishment fee <small>The fee to open your investment</small>	nil	No fee is charged
Contribution fee <small>The fee on each amount contributed to your investment</small>	nil	No fee is charged
Withdrawal fee <small>The fee on each amount you take out of your investment</small>	nil	No fee is charged
Exit fee <small>The fee to close your investment</small>	nil	No fee is charged

¹ Brokerage may apply if assets are bought or sold as a result of the money moving in or out of the Managed Account Service see "Additional explanation of fees and costs" below for more information.

Management costs		
<i>The fees and costs for managing your Managed Account</i>		
Portfolio management fee <small>(payable to the investment manager for a particular model)</small>	Any portfolio management fee levied is dependent on the arrangements negotiated and put in place by your Financial Adviser with a third-party investment manager who prepares the model. The fee depends on the model recommended by your Financial Adviser based on your personal circumstances such as the size of your portfolio and your risk profile. The estimated portfolio management cost is provided in the Schedule to this FSG.	This fee is calculated and accrues daily and is payable monthly in arrears from your Managed Account portfolio to the investment manager.
Indirect costs	Managed Fund (MF) & Exchange Traded Fund (ETF) Cost The Indirect cost of these products will depend on the amount invested in each product. The estimated Indirect Cost of your portfolio is provided in the Schedule to this FSG.	This fee is included in the unit price of the relevant MF and ETF. It is not charged as an explicit fee to your Managed Account portfolio.
Administration and Managed Account Service fees² <small>(payable to MDA Operator)</small>	Up to 0.165% of the net asset value of your Managed Account portfolio (with a minimum fee of up to \$420pa) and the MDA Provider Fee of up to 0.033% p.a. of the net asset value of your Managed Account portfolio plus + \$11 per month.	This fee is calculated and accrues daily and is payable monthly in arrears from your Managed Account portfolio to MDA Operator. Please refer to the 'Additional explanation of fees and costs' for more information
Service Fees		
Switching fee <small>The fee for changing Investment Programs</small>	nil	No fee is charged

All fees in the table above are shown inclusive of GST.

The Schedule to this FSG provides specific information for the portfolio being implemented for you

²You may incur additional fees where you ask us to do something special. See “Additional explanation of fees and costs” for more detail.

through the Managed Account Service.

Example of annual fees and costs for a growth portfolio³

This table gives an example of how the fees and costs for your Managed Account portfolio can affect your investment over a one-year period. You should use this table to compare a Managed Account portfolio with other managed investment products.

Example: (growth portfolio)	Balance of \$50,000 including a contribution of \$5,000 during the year	
Contribution Fees	nil	For every additional \$5,000 you put in, you will be charged \$0.00
PLUS Management Costs	1.42%	And for every \$50,000 you have in your Managed Account Portfolio you will be charged \$710 each year
EQUALS Cost of your Managed Account portfolio (growth portfolio option)		If you have an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of from: \$710 to \$781* What it costs you will depend on the Investment Program you choose and the fees you negotiate.

* Additional fees may apply

Establishment fee - \$0

And, if you leave the Managed Account Service early, you may also be charged exit fees of 0% of your total Managed Account balance.

NOTE: The Management Costs shown in the table above comprise:

Portfolio Management - Up to **1.00%** p.a. of the net asset value of your Managed Account portfolio

ETF Cost - **0.27%** pa of the value invested in the Vanguard Diversified Growth Index ETF

Administration and Managed Account Services up to **0.165%** p.a. and the MDA Provider Fee of up to **0.033%** p.a. of the net asset value of your Managed Account portfolio (capped at 3.5M) plus + \$11 per month.

The Corporations Act requires that when calculating management costs in this table, we must assume that the value of your investment remains at \$50,000 and your Managed Account portfolio value does not fluctuate. Please be aware that management costs incurred will depend on the market value of your investments and the timing of your contributions or withdrawals during any 12-month period. The example assumes you invest in the Wealth02 Managed Account Service, no minimum monthly fees apply, you incur no additional service fees and that fees are not individually negotiated with us. In very limited circumstances, fees may be negotiated with large wholesale clients only.

³This model portfolio assumes that 95% of the portfolio is invested in the Vanguard Diversified Growth Index ETF (VDGR.ASX) and the balance of 5% in the Macquarie cash management account.

Additional explanation of fees and costs

Additional explanation of the fees and costs incurred in the operation of your Wealth02 Managed Account is provided below.

About management costs

The annual ongoing management costs are comprised of three components, which include:

- i. the portfolio management fee;
- ii. any Indirect Costs; and
- iii. Administration and Managed Account Service Fee.

In some circumstances one or more of these components do not apply to the Managed Account Service.

Portfolio management fee

The portfolio management fee is sometimes charged by your Financial Adviser and forms part of their fee (see comments below). In some instances, your Financial Adviser will engage a third-party professional investment manager to provide a model for strategic asset selection for your Managed Account. Investment managers are paid a fee for providing these services. Typically, the investment manager's fee is expressed as a percentage of the net asset value of your Wealth02 Managed Account. Moreover, some investment managers charge a performance-based fee as part of the service. If a performance fee is charged it will increase the management costs.

The Schedule to this FSG has been completed to provide disclosure of the actual fees applicable to your Managed Account portfolio which have already been disclosed to you in the SoA prepared by your Financial Adviser.

Indirect costs

Indirect costs are the underlying management costs include the Indirect Cost Ratio (ICR) / ETF Cost (being the costs associated with investing in unlisted managed funds and exchange-traded funds).

Indirect costs do not include transactional and operational costs (discussed below). Indirect costs ultimately reduce overall returns for your Managed Account portfolio.

The indirect costs are based on those costs we know, or can reasonably estimate, for the financial year ending 30 June 2018. The indirect costs for each Investment Program are set out above. Actual indirect costs for future years may differ.

Remember, past performance is not an indicator of future performance and any indirect costs for a given year may not be repeated in a future year.

Administration and Managed Account Service fees

Additional fees may apply for portfolios that include securities listed on international stock exchanges such as the New York Stock Exchange, NASDAQ etc. Not only will the stated fee of 0.165% be higher but the Managed Account portfolio will incur foreign exchange and other transactional costs.

Transactional and operational costs

Transactional and operational costs include brokerage, settlement costs, bid-offer spreads on investments, clearing and stamp duty costs. When MDA Operator transacts on your behalf we will buy (and sell) investments and incur these costs. These costs are also incurred in connection with the day to day trading within your managed account portfolio.

The transactional costs will be dependent on how often we trade on your behalf and the Broker you have chosen to hold the securities that form part of your Wealth02 Managed Account.

The minimum parcel size constraint ensures that these costs are minimised. Transactional costs will be reported to you on a quarterly basis, or continuously if you have online access to your Managed Account information.

Can fees be different for different investors?

We generally don't negotiate fees, however in very limited circumstances we may negotiate fees with very large wholesale clients only. The terms of these arrangements are at our discretion.

Can the fees change?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. However, we will give you 30 days' written notice of any increase to our fees. This notice may be given by email, letter, by web-based reporting or other electronic form of writing.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC website (www.moneysmart.gov.au) and use their managed investment fee calculator.

Adviser remuneration

The law restricts payments by us to other AFSL holders that are 'conflicted'. We do not pay commissions to financial advisers.

You may incur a fee for the advice provided to you by your Financial Adviser, but this does not represent a fee that we have charged you for investing in your Managed Account portfolio. This fee may be paid out of the assets of your Managed Account portfolio where you have instructed us to do so. The amount of fees you will pay (if any) to your Financial Adviser should be set out in a SOA given by your Financial Adviser. We recommend that you check with your Financial Adviser if you will be charged a fee for the provision of their advice.

Government charges and taxation

Government taxes such as GST may be applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

Complaints resolution

Wealth02 has an internal dispute resolution policy in place to resolve any complaints or concerns you may have about the service provided to you. These should be directed to the Complaints Officer (by telephone, or letter) at the address or telephone number in the "Contact Details"

section of this FSG, or by email to complaints@wealtho2.com.au.

After acknowledging receipt of your complaint, WealthO2 will seek to resolve and respond to your complaint within 45 days of receipt. WealthO2 will investigate your complaint, and provide you with our decision, and the reasons for it in writing. WealthO2 will endeavor to resolve your complaint quickly and fairly.

If the complaint cannot be resolved to your satisfaction within 45 days and you wish to proceed further, you may lodge a complaint with the Financial Ombudsman Service via the following means:

Financial Ombudsman Service
GPO Box 3, Melbourne Vic 3001
Telephone: (03) 9613 7366 Fax:
(03) 9613 6399 Email:
info@fos.org.au Website:
www.fos.org.au

You may also contact Australian Securities and Investments Commission (ASIC) free call Infoline on 1300 300 630 to make a complaint and obtain information about your rights.

Compensation arrangements

WealthO2 holds professional indemnity insurance cover for the activities conducted under its AFSL, including the activities of MDA Operator. The policy provides coverage to cover claims regarding professional indemnity, directors' and officers' liability, crime (fraud) and the conduct of representatives/employees who no longer work for us (but who did at the time of the relevant conduct). WealthO2's professional indemnity insurance cover is subject to the policy terms and conditions; however, the cover satisfies the requirements of section 912B of the Corporations Act.

Conflicts of interest

Neither WealthO2 nor MDA Operator, nor any of our respective related bodies corporate, have any associations or relationships with product issuers that could be expected to influence us in providing the Managed Account Service to you.

WealthO2 and MDA Operator have internal policies and procedures to ensure that any conflicts of interest arising in relation to the Managed Account Service are adequately identified and appropriately managed.

Should a conflict occur between our interests and yours in relation to the Managed Account Service that can be appropriately managed by disclosure, we will disclose the conflict to you. If you have any concerns or would like to discuss this matter further please contact WealthO2.

Record keeping and Privacy

We will maintain complete records of the services we provide to you in accordance with Australian laws.

We also keep a record of personal information you provide to us. Our privacy policy details how we comply with the requirements of the *Privacy Act 1988* (Cth) and Australian Privacy Principles.

We may disclose your personal information to external parties, such as administration and financial services providers, for the purposes of arranging your accounts, investments or transactions. Such external parties are required and committed to protecting your privacy.

If you wish to access information we hold about you or have any concerns, please contact us. A copy of our privacy policy is available from us or the MDA Operator website.

Contact details

MDA Operator Pty Ltd

Address: Suite 7.02, 157 Walker St, North Sydney NSW 2060

Phone: 1300 726 008

Website: www.mdaoperator.com.au

WealthO2 Services Pty Ltd

Address: Suite 7.02, 157 Walker St, North Sydney NSW 2060

Phone: 1300 726 008

Website: www.wealtho2.com.au



MDA Operator

Schedule to Financial Services Guide

Prepared for

<Client Name>

Date
<Date Schedule
Prepared>

<Risk Profile>

Risk Profile of
Investor

Investment Service
Configuration

Detail	Proportion
Macquarie CMA	0.00%
Model 1 name	0.00%
Model 2 name	0.00%
Security name	0.00%
	100.00%



MDA Operator

Details	Description	Amount % or Dollar
MDA Adviser	<Financial Adviser / AFSL>	Refer to SoA
MDA Provider	MDA Operator Pty Ltd (ABN 43 609 025 130, Authorisation No. 001237411) as authorised representative of WealthO2 Services Pty Ltd (ABN 20 610 852 456 / AFSL No. 500032)	Eg Administration and Managed Account Services up to 0.165% p.a. and the MDA Provider Fee of up to 0.033% p.a. of the net asset value of your Managed Account portfolio (capped at 3.5M) plus + \$11 per month.
Model Manager	<Model Manager Name>	0.00% of the net assets of the model being managed by the model manager
Indirect Cost Ratio	<Model Name 1>	0.00%
	<Model Name 2>	0.00%
Brokerage	Open Markets / Desktop Broker / CommSec	Eg 0.11% of the trade value subject to a minimum of \$20.00