Capstone Financial Planning Pty Ltd
Supplementary Financial Services Guide (SFSG) - Release date 02.07.2014

IDENTIFICATION DETAILS

→ This is a Supplementary Financial Services Guide to the Capstone Financial Services Guide version 2.0 July 2013;

→ This SFSG should be read together with Capstone Financial Services Guide version 2.0 July 2013.

This SFSG provides:

→ Addition to the 'Remuneration' section.

→ Change to the 'Relationship or Associations with a Product Issuer' section.

ADDITION TO 'REMUNERATION' SECTION

Add the following:

Licensee Advice Fee ('LAF') – or similar

Capstone may receive a LAF (or similar) from you, when you decide to implement a recommended product that applies a LAF.

A LAF is an annual ongoing fee that contributes to preferential product pricing and professional related support services, for as long as you hold the product and may be based on:

- A percentage of the amount you invest; or
- A dollar amount.

This fee may range from 0.00% to 0.20% of the amount you invest. For example, an investment of $10,000 in a product that applies a LAF of 0.20%, Capstone will receive a LAF of $22.00 per annum ($20.00 + GST).

This fee is payable by you directly from your financial product.

CHANGE TO 'RELATIONSHIP OR ASSOCIATIONS WITH A PRODUCT ISSUER' SECTION

Replace:

Capstone receives a percentage of the administration fees charged from C-wrap SuperWrap, C-wrap InvestmentWrap and c)smsf. These fees are used to meet costs incurred for distributing the service such as printing, staff costs, marketing expenses etc and are retained by us and not passed on to our Advisers.

Updated Disclosure:

Capstone receives a percentage of the administration fees charged from c)smsf. This fee contributes to preferential pricing and professional related support services. This fee is retained by us and not passed on to our Advisers.

If you have any queries or concerns, please contact your Capstone Financial Adviser.

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Capstone Financial Planning Pty Ltd AFSL/ACL No. 223135 ABN 24 093 733 969 authorises the distribution of this SFSG v2.0 by its Authorised Representatives.

SFSG v2.0

Capstone FINANCIAL PLANNING

INFORMATION ABOUT THIS FINANCIAL SERVICES GUIDE ('FSG') AND OTHER DOCUMENTS

The purpose of this important document is to help you decide whether to use any of the services offered by Capstone Financial Planning ('Capstone', 'we', 'us').

This FSG outlines the types of services and products we can offer to you. It also explains how we and other relevant persons are remunerated for these services and includes details of our complaints handling procedures and how you can access them.

When we provide you with personal advice you will receive a Statement of Advice ('SoA'). The SoA will state your relevant personal circumstances, outline the advice being provided, the basis on which the advice is given, information about fees, commissions and associations relevant to the provision of the advice.

When we provide you with 'further' personal advice, we may provide you with a Record of Advice ('RoA'). The RoA will include a summary of your relevant personal circumstances or state which previous Advice Document contains this information, brief particulars of the advice being provided, the basis on which the advice is given, information about fees, commissions and associations relevant to the advice. You may request a copy of the RoA, if one has not been received, by contacting your Adviser.

When we offer to issue, arrange the issue of or make a recommendation to acquire, a particular financial product (other than securities) we will provide you with a Product Disclosure Statement ('PDS'). The PDS contains information about fees payable, risks, benefits and significant characteristics of the financial product.

These documents will assist you to make an informed decision in relation to the acquisition of a financial product.

If you have entered into an Ongoing Fee Arrangement with us, you will be provided with an annual Fee Disclosure Statement. This Statement will provide you with details in regard to the services available to you, received by you and the ongoing fees actually received from you under this arrangement in the previous 12 month period (either directly or indirectly). You can cancel this Arrangement with us at any time.

If you need more information or clarification, please ask us.

YOUR ADVISER

Your Adviser is an Authorised Representative of Capstone. Individual details of your Adviser will be provided to you in their Adviser/Company Profile which includes their Authorised Representative number, their experience, qualifications, charging methodology and the specific services they are authorised to provide. This Profile forms part of the FSG and is to be read in conjunction with this document.

Your Adviser acts on behalf of Capstone and we are responsible for any Advisory Services your Adviser provides. Capstone is independently owned and operated, i.e. we are not owned by a fund manager, bank or other financial institution.

ADVISORY SERVICES

We are authorised to provide the following services:

- Financial product advice; and
- Deal in financial products

to wholesale and retail clients, including:

- Deposit and Payment Products;
- Securities;
- Life Products;
- Managed Investment Schemes;
- Retirement Savings Accounts;
- Standard Margin Lending Facility;
- Superannuation; and
- Government Debentures, Stocks and Bonds.

REMUNERATION

Capstone and your Adviser are paid for the services they provide by various methods of remuneration, including payments made by you (Financial Planning Advice Fees) and payments received from product issuers (Commissions).

These payments will be disclosed to you in your Advice/Disclosure document and where we cannot determine the amount of remuneration; we will disclose the method of calculation.

Financial Planning Advice Fees

The fees charged for advice and service may be based upon a:

- Dollar amount;
- Percentage of the amount you invest;
- Hourly rate; or
- Combination of some or all of the above.

These fees may include:

- Statement of Advice Fee - when your Adviser provides you with a Statement of Advice.
- Initial Advice Fee - a one off fee paid to your Adviser for advisory services.
- Implementation Fee - a one off fee paid to your Adviser to implement products.
- Ongoing Service Fee - when your Adviser provides you with ongoing advice and service.

These fees are payable by you and may be paid either directly or from your financial product/s.

Commissions

Commissions are payments that may be received by Capstone from the product issuers and this payment will be disclosed to you, prior to you purchasing the product.

Investment based financial products

Capstone may receive an upfront commission from the product issuer in relation to any existing investment products you hold.

This upfront commission may range from 0% to 4% of the amount you invest, depending on the product. For example, for an additional investment of $10,000 in a product whose issuer pays Capstone 3%, Capstone will receive an upfront commission of $330 ($300 + GST).

Capstone may also receive ongoing commission, which may range from 0% to 1% of the value of your holding in a product, for as long as you hold the product. For example, for a holding of $10,000 in a product whose issuer pays Capstone 0.6%, Capstone will receive an ongoing commission of $66 per annum ($60 + GST).

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Insurance (Risk) products

Capstone may receive an upfront commission from the product issuer when you decide to buy a product your Adviser recommends to you.

This upfront commission may range from 0% to 130% of the initial premium amount, depending on the product. For example, a Term Life base premium of $2,000 per annum in a product whose product issuer pays Capstone 100%, Capstone will receive an upfront commission of $2,200 ($2,000 + GST).

Capstone may also receive ongoing commission, which may range from 0% to 33% of the renewal premium, for as long as you hold the product. For example, an annual base premium of $1,000 in a product whose issuer pays Capstone 10%, Capstone will receive an ongoing commission of $110 per annum ($100 + GST).

Commissions are not paid on stamp duty and policy fees.

Distribution

All remuneration is payable to Capstone in the first instance. Capstone will then pay either all or a percentage of, any remuneration earned to your Adviser/ their company and this will be disclosed in your Advice/Disclosure document.

Alternative forms of remuneration

To assist in the provision of regular professional training and development including ongoing technical training and updates in relation to financial products for Capstone's Advisers and support staff, we have developed formal relationships with many financial product providers. Each year we invite leading financial product providers to participate in this relationship program. They contribute various amounts each as part of this program. Capstone's financial product range is not influenced by any relationship program as Capstone subscribes to independent research and all products are individually assessed on their own merits.

Capstone may receive allowances due to existing arrangements from a range of financial product providers prior to 1 July 2013. These arrangements may result in a monetary benefit being paid to Capstone, which may be based on the amount of funds our clients have previously placed with these product providers. These allowances may total up to 0.05% of our Funds Under Advice but are retained by Capstone and not passed on to our Advisers.

As new product providers join this program and others leave, you will be provided with an updated list via your Advice Document (where relevant). Capstone has no preferred product provider relationship and does not promote any specific product provider or administration platform.

From time to time, the employees of Capstone may receive non-cash benefits with a cash value less than $300. A register listing the details of any non-cash benefits between $100 and $300 is maintained. These non-cash benefits do not influence the financial product recommendations provided by our Advisers to you. If you would like more information, you can request a copy of the register.

Requesting further information

You have a right to request further information in relation to the remuneration, the range of amounts, rates of remuneration and benefits received by Capstone and/or your Adviser. This includes remuneration that may be generated from services other than personal advice. Any request for further information should be made before any service is provided and within a reasonable time frame.

RELATIONSHIPS OR ASSOCIATIONS WITH A PRODUCT ISSUER

Capstone is the distributor of:

- C-wrap SuperWrap and C-wrap InvestmentWrap, which is operated by BT Portfolio Services Limited (BTPS) ABN 73 095 055 208, a wholly owned subsidiary of Westpac Banking Corporation ABN 33 007 451 141; and
- c)smsf which is operated by SuperIQ Pty Ltd ABN 27 147 105 164.

Capstone receives a percentage of the administration fees charged from C-wrap SuperWrap, C-wrap InvestmentWrap and c)smsf. These fees are used to meet costs incurred for distributing the service such as printing, staff costs, marketing expenses etc and are retained by us and not passed on to our Advisers.

OTHER IMPORTANT INFORMATION

Instructing your Adviser

You may instruct your Adviser by whichever method you prefer e.g. by email, telephone, fax etc.

Personal details

Your Adviser will collect your personal details and conduct an analysis of your overall situation including investment needs, objectives and personal financial information, before providing any advice. If you choose not to provide all the relevant information to your Adviser the advice may not be suitable.

Privacy

We provide you with a copy of our Privacy Policy as we are committed to implementing and promoting the privacy and security of your personal information. You can also obtain a copy from our offices or via our website.

Anti-Money Laundering and Counter-Terrorism Financing Act 2006

Capstone has an obligation under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 to verify your identity and the source of any funds and you will be asked to present particular identification documents.

Referral payments

Where you have been referred to your Adviser by a third party, any referral payments will be disclosed in your Advice/Disclosure document.

Compensation arrangements

Capstone has and continues to maintain Professional Indemnity Insurance in accordance with the Corporations Act 2001. Our Professional Indemnity Insurance, subject to its terms and conditions, provides indemnity up to the sum insured for Capstone and our Authorised Representatives/employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any Authorised Representative/Representative/employee who has ceased work with Capstone for work done whilst engaged with us.

IF YOU HAVE ANY COMPLAINT

Capstone is a member of the Financial Ombudsman Service (FOS). If you have any complaint about the service provided to you, you should take the following steps:

1. Contact your Adviser and tell your Adviser about your complaint.
2. If your complaint is not satisfactorily resolved within 5 business days, please contact our Complaints Officer on 03 8622 0700 or put your complaint in writing and send it to us at Level 14, 461 Bourke Street, Melbourne VIC 3000. We will try and resolve your complaint quickly and fairly.
3. If you still do not get a satisfactory outcome, you have the right to complain to FOS. They can be contacted on 1300 780 808 or you can write to them at GPO Box 3, Melbourne VIC 3001. This service is provided to you free of charge.

The Australian Securities and Investments Commission (ASIC) also has an Infoline: 1300 300 630 which you may use to make a complaint and obtain information about your rights.

If you have concerns involving ethical and professional conduct, you may consider raising your concerns with the Financial Planning Association of Australia (FPA). They can be contacted on 1300 626 393 or you can write to them at GPO Box 4285, Sydney NSW 2001.

This Financial Services Guide is issued with the authority of Capstone
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Capstone Financial Planning Pty Ltd
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