

<insert company logo>

FINANCIAL SERVICES GUIDE¹ – FOR MDA PROVIDERS

[**USER NOTE:** Delete box if you qualify as independent pursuant to section 923A of the Corporations Act. As an MDA Provider it is unlikely that you will qualify as independent. However if you do not receive any fees for managing/operating the MDA, and you satisfy all of the other obligations of section 923A, you may qualify as independent.]²

Not Independent

We are not independent, impartial or unbiased within the meaning of the Corporations Act because <insert the reason(s) why you are not independent e.g. we operate our own MDA service and receive fees from it, we receive life commissions, we recommend related party products, we are restricted to advising on a limited number of financial products etc>.

[**USER NOTE:** This is mandatory content.]³ This Financial Services Guide describes our services to assist you to decide whether to use them. It describes how we are remunerated, our professional indemnity insurance and how we handle any complaints you may have.

OUR AUTHORISATIONS

[**USER NOTE:** It is mandatory for the FSG to set out the financial services the provider is authorised to provide and the kinds of financial products to which those services relate.]⁴

We hold an Australian financial services licence [OR] are an authorised representative of Australian Financial Services (AFS) licensee, <insert name of AFS Licensee>.

We are authorised to provide <general/personal> advice and deal and provide a custodial or depository services in relation to the following financial products: [**USER NOTE:** Delete any products for which the FSG provider is not authorised]

- Deposit and payment products
- Life risk and investment products
- Managed discretionary account services
- Investor directed portfolio services
- Securities
- Managed investment schemes
- Superannuation, including SMSFs
- Government debentures, stocks and bonds
- Retirement savings accounts
- Foreign exchange contracts
- Derivatives
- Margin lending

HOW YOU WILL DEAL WITH US

[**USER NOTE:** The 'How you will deal with us' section of this template describes your MDA service. It does not describe any other financial services you may provide. If you provide other services, insert a concise description of them here.]

[**USER NOTE:** Use the section highlighted in blue if an external MDA Adviser will prepare the client's SoA and Investment Program. Licensees who provide centralised investment management services for their corporate authorised representatives should also use this section as your advisers are also external MDA advisers] We offer a managed discretionary account (MDA) service. If you choose to use this service, we will manage your investment portfolio on a discretionary basis in accordance with an Investment Program recommended by your adviser. This means that we do not need to contact you for before making a change to your investments that is within the scope of the agreed Investment Program.

¹ See item 1 of the Appendix to the User and Content Guide: "Standard FSG Content Requirements"

² See item 18 of the Appendix to the User and Content Guide: "Standard FSG Content Requirements"

³ See item 4 of the Appendix to the User and Content Guide: "Standard FSG Content Requirements"

⁴ See item 6 of the Appendix to the User and Content Guide: "Standard FSG Content Requirements"

Your financial adviser will recommend our MDA service in a Statement of Advice if they consider it is suitable for you. You will need to enter into an MDA Contract with us before we can provide the service.

Your adviser will also recommend a suitable Investment Program for you. The Investment Program will explain:

- The investment strategy we will implement on your behalf;
- The nature and scope of the discretions you will authorise and require us to exercise when managing your investments;
- Any significant risks associated with the MDA Contract;
- The basis on which your financial adviser believes the MDA Contract is suitable for you; and
- That the MDA Contract may not be suitable for you if you have provided your adviser with limited or inaccurate information about your relevant personal circumstances or if those circumstances change.

Your financial adviser will review the suitability of the Investment Program and the MDA Contract for you at least every 13 months. You can request changes to your Investment Program at any time through your financial adviser, whose contact details can be found in their Statement of Advice.

[USER NOTE: Use the section highlighted in green if the MDA Adviser who prepares the client's SoA and Investment Program is employed by the MDA Provider.] We offer a managed discretionary account (MDA) service. If you decide to use this service, we will manage your investment portfolio on a discretionary basis in accordance with an Investment Program that we agree with you. This means that we do not need to contact you or before making a change to your investments that is within the scope of the Investment Program.

We will only recommend our MDA service if we consider it is suitable for you. You will need to enter an MDA Contract with us before we can provide this service.

We will also recommend a suitable Investment Program for you. The Investment Program will comply with Div 3 of Part 7.7 and Div 2 of Part 7.7A *Corporations Act 2001* (CA) and will explain:

- The investment strategy we will implement on your behalf;
- The nature and scope of the discretions you will authorise and require us to exercise when managing your investments;
- Any significant risks associated with the MDA Contract;
- The basis on which we believe the MDA Contract is suitable for you; and
- That the MDA Contract may not be suitable for you if you provide us with limited or inaccurate information about your relevant personal circumstances or if those circumstances change.

We will review the suitability of the Investment Program and the MDA Contract for you at least every 13 months. You can request changes to your Investment Program at any time by contacting us.

We will exercise any rights (such as voting rights) relating to the investments in your Investment Program on your behalf.

[USER NOTE: The next sentence is mandatory content.]⁵ We act for you when providing this service. **[USER NOTE: The next sentence is mandatory content.]**⁶ You can deal with us in person, by phone or email.

SIGNIFICANT RISKS OF AN MDA SERVICE

The main risk of using our MDA service is that you will not know about the changes we make to your investments before they are made. However, we will only make adjustments which are consistent with our understanding of your relevant personal circumstances and the agreed investment strategy.

⁵ See item 7 of the Appendix to the User and Content Guide: "Standard FSG Content Requirements"

⁶ See item 5 of the Appendix to the User and Content Guide: "Standard FSG Content Requirements"

<insert company logo>

SOA MATERIAL

INTRODUCTION

Not included in this product– see The Fold's SOA Template and Content Guide

GOALS AND OBJECTIVES

Not included in this product– see The Fold's SOA Template and Content Guide

SCOPE OF OUR ADVICE

Not included in this product– see The Fold's SOA Template and Content Guide

YOUR CURRENT SITUATION

Not included in this product– see The Fold's SOA Template and Content Guide

OUR ADVICE

I recommend that you invest \$<insert amount> in the <insert name of MDA Service> provided by <insert name of MDA Provider>.

This is a managed discretionary account (MDA) service which manages investments for clients in accordance with a pre-agreed investment program. <insert name of MDA Provider> as MDA provider, is responsible for deciding when and what investments to buy, sell and rebalance in order to maintain the objectives of the investment program. You authorise <insert name of MDA Provider>, to do this at their discretion without consulting you, obtaining your prior approval or notifying you of the changes. This enables the MDA provider to respond quickly to market developments.

Your investments are not pooled as they would be in a pooled investment scheme, but cost reductions are achieved through consolidated reporting and bulk trading.

<insert name of MDA Provider>, is required to act in your best interests and comply with other obligations to protect your interests that are set out in your MDA contract with them.

The alternative to using an MDA service is that we would need to contact you and obtain your instructions every time a change to your investments is needed.

I believe that an MDA service is more suitable for you because. [USER GUIDE: Describe the advantages for the client of investing in an MDA in comparison to investing directly in light of the client's financial situation, needs and objectives, i.e. why it is likely to achieve their objectives and put the client in a better position. NB: Your SoA must cover ALL these issues, otherwise you run the risk that you will not demonstrate how you have met the best interests duty. Examples are contained in the Policy and Procedures].

I recommend you use <insert name of MDA Service> because [USER GUIDE: Describe why you recommend this MDA Service, e.g. 'as this is our preferred service', 'which is our in-house MDA service managed by our investment team'. NB: If you recommend an in-house MDA service, you must explain why there is an additional benefit for the client, as compared with using an external MDA service].

[USER GUIDE Describe the range of investments available through the MDA Service and why they are appropriate for the client].

<Insert name of Model Portfolio> Portfolio

This is the investment strategy for the Investment Program recommended by your financial adviser. The portfolio is managed by <insert name of MDA Provider> through their <insert name of MDA Service>.

[USER GUIDE: This table is only a guide. It is one of many ways you can describe model portfolios]

Portfolio	<insert name of portfolio> Portfolio			
Designed for	<describe investors for whom the Portfolio is suitable> e.g. Investors with a medium to long-term time horizon (3-5 years plus), a diversified approach to assets and investment and who are seeking lower volatility than a shares only portfolio.			
Investment Objectives	<describe the objectives of the portfolio and how they are achieved> e.g. To exceed the returns available from cash investments by 3%. The portfolio will accept some exposure to growth to increase potential returns and to reduce the likelihood that capital will be reduced by inflation.			
Types of Investments	<describe the asset classes which will be used> e.g. Cash, fixed interest, property and ASX and overseas listed shares, managed investment schemes, exchange traded index funds and any other financial product on which we are authorised to advise and deal and consider suitable for inclusion.			
Diversification	<describe the approach to diversification, including if appropriate, the typical number of investments – this can be a range> The investments in your account may change in order to achieve the objectives of this Portfolio and as a result of changes in the economic outlook for those investments.			
Expected Return / Historical Returns	<Provide statistics on either or both expected or historical returns> Any representation of expected performance are based on past performance and are not a guarantee of future performance.			
Asset Allocation	This portfolio will invest in the asset classes and the ranges shown below:			
	Type	Allowable Range	Current Benchmark	
	Australian Equities	Growth	20-40%	35%
	International Equities	Growth	5-30%	25%
	Australian Listed Property	Growth	5-10%	5%
	International Listed Property	Growth	0-10%	5%
	Australian Fixed Interest	Defensive	10-50%	15%
	International Fixed Interest	Defensive	0-20%	5%
	Cash	Defensive	0-10%	5%
				100%

MANAGED DISCRETIONARY ACCOUNT CONTRACT

Full Client Name/s	
ABN (if any)	
Address	
Your Financial Adviser	Name
	Company
	Address
Date of SoA Recommending MDA Service	

WARNING: The key differences between acquiring investments directly and through a managed discretionary account service are:

- [USER GUIDE: Use if the MDA Services will be provided through a regulated platform or you will provide a custody service (even if it is delegated)] You will not hold the legal title to the investments. Instead, a professional custodian will hold the investments on trust for you.**
- We may change your investments at our discretion and you will not receive advance notice of those changes.**
- You will not be able to exercise voting rights or decide whether to take advantage of corporate actions such as share buybacks and rights issues; we will do this for you.**

I acknowledge these differences and agree to the terms of this MDA Contract.

[USER GUIDE: Use this clause if you provide substantially continuous electronic access to MDA Account information and provide Annual Reports electronically] Please provide me with continuous electronic access to information about my MDA Account and provide the Annual Reports about my MDA Account by <describe how reports will be provided e.g. by email, or by sending me a password protected link to an online copy of the report>.

[USER GUIDE: Use this clause if you do not provide substantially continuous electronic access to MDA Account information, but will provide Quarterly Annual Reports electronically] Please provide Quarterly and Annual Reports about my MDA Account by <describe how reports will be provided e.g. by email, or by sending me a password protected link to an online copy of the report>.

Client/s signature		Date	
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TERMS AND CONDITIONS

These are the terms and conditions on which <Insert full name of AFS Licensee> ABN <insert ABN> AFSL <insert AFSL> of <insert full address> (We/Us/Our) provides managed discretionary account (MDA) Services to the person named above (You/Your):

1. DEFINITIONS

In this MDA Contract:

Contributions means all the money, money's worth and Investments that you ask us to manage on your behalf pursuant to this MDA Contract.

[USER GUIDE: Insert the name of the external MDA Adviser or the internal adviser who will recommend the MDA Contract and Investment Program] **Financial Adviser** means the person named above as Financial Adviser or any financial adviser who replaces that person.

<insert company logo>

Investments means cash and cash products, ASX listed securities, managed investment schemes and any other financial product on which we are authorised to advise and deal and which we, in our discretion, consider suitable for inclusion in your Investment Program.

Investment Program means the Investment Program attached to [OPTION 1: Use this if an external MDA Adviser will prepare the Investment Program] the Statement of Advice prepared by your Financial Adviser dated <insert date> (or any Investment Program that replaces it). [OPTION 2: Use this if the MDA Provider prepares the SoA and Investment Program] our Statement of Advice dated <insert date> (or any Investment Program that replaces it).

MDA Account means the Contributions, and the Investments into which the Contributions have been invested pursuant to this MDA Contract.

MDA Services means the services that we provide to you in accordance with this MDA Contract.

[USER NOTE: Delete if the MDA Services will not be provided through a regulated platform] **Platform** means the <insert name of Platform> operated by <insert name of Platform operator> (or any platform we nominate to replace it), through which your MDA Account will be held, administered and reported on.

You means the person named above.

2. APPOINTMENT

2.1 You appoint us to manage your MDA Account in our discretion, but always in accordance with this MDA Contract and your Investment Program.

3. OUR DISCRETIONS

- 3.1 Subject to clause 2, you authorise us to do the following on your behalf to enable us to manage your MDA Account:
- Open (and if necessary close) accounts with any bank or financial services provider including, without limitation, cash management accounts and investment accounts;
 - Provide your tax file number, interest and dividend banking instructions and other personal information and instructions required to open and operate those accounts to the provider;
 - Operate all such accounts including without limitation to making payments to or drawing

cheques payable to third parties on your behalf;

- Buy, subscribe for, apply for, deal with, accept transfers of, sell, transfer, repurchase or redeem Investments;
- Exercise (and decline to exercise) all rights and privileges and perform all duties and obligations which now or may in the future apply to the Investments in your MDA Account;
- Appoint any investment manager, broker or other service provider;
- Reinvest any revenue earned in your MDA Account; and
- Receive, hold and execute all necessary documents, pay all obligations and liabilities, undertake all acts and do all things that are necessary or convenient in order to implement the Investment Program.

3.2 You acknowledge that this will require us to and you authorise us to do the following in our absolute discretion:

- Determine how any additional Contributions, revenue earned or surplus cash are allocated between your Investments;
- Rebalance your Investments where there has been a variation from any of the asset allocations in your Investment Program;
- Adjust the asset allocations within the ranges described in the Investment Program in order to achieve the objectives of the Investment Program;
- Sell any Investments if there is an adverse rating change or we consider, for any reason whatsoever, that the Investment is no longer suitable for inclusion in the Investment Program;
- Purchase any Investments we consider appropriate to replace those Investments; and
- Determine which, if any, Investments will be sold to accommodate any withdrawals you wish to make.

4. GIVING US INSTRUCTIONS

4.1 Unless otherwise agreed, you must provide instructions regarding your MDA Account to us

ANNUAL REVIEW SOA/ROA MATERIAL

INTRODUCTION

Not included in this product— see The Fold's [SoA/ROA Template and Content Guide](#)

SCOPE OF OUR ADVICE

Not included in this product— see The Fold's [SoA/ROA Template and Content Guide](#)

YOUR CURRENT SITUATION

Not included in this product— see The Fold's [SoA/ROA Template and Content Guide](#)

OUR ADVICE

You have \$<insert amount> invested in the <insert name of Model Portfolio> managed by the <insert name of MDA Service>. As you know, <insert name of MDA Provider> manages your investments at their discretion, without consulting you, obtaining your prior approval or notifying you of the changes.

I have reviewed your MDA Contract and consider that the [USER GUIDE: Select the most applicable clause]

- <insert name of MDA Service> continues to be suitable for you because [USER GUIDE: Explain why the MDA Service continues to be suitable]. I recommend you continue to use it for this investment.
- <insert name of MDA Service> will continue to be suitable for you if the following changes are made because they will [USER GUIDE: Explain why the MDA Service will continue to be suitable] and I recommend that you request <insert name of MDA Provider> to make these changes:
 - [USER GUIDE: Describe the required changes to the MDA Service]
- <insert name of MDA Service> is no longer suitable for you because [USER GUIDE: Explain why the MDA Service is no longer suitable]. I recommend you [USER GUIDE: Set out your recommendation, e.g. terminate the MDA Service and instead invest in #. 1.3: if you recommend the client terminate the MDA Service, there will be a product replacement and you will need to provide the additional information that is required when recommending a product be replaced— see The Fold's SoA Template and Content Guide].

I have reviewed your Investment Program and consider that the [USER GUIDE: Select the most applicable clause]

- <insert name of Model Portfolio> continues to be suitable for you because [USER GUIDE: Explain why the Model Portfolio continues to be suitable]. I recommend that your funds remain in the <insert name of Model Portfolio>.
- <insert name of Model Portfolio> is no longer suitable for you because [USER GUIDE: Explain why the Model Portfolio is no longer suitable]. I recommend you invest these funds in [USER GUIDE: Set out your recommendation, e.g. switch to the ## portfolio etc].

ADVICE FEES

Not included in this product— see The Fold's [SoA/ROA Template and Content Guide](#)

IMPORTANT ASSOCIATIONS

Not included in this product— see The Fold's [SoA/ROA Template and Content Guide](#)

<insert company logo>

MDA ADVISER POLICY AND PROCEDURES

<INSERT LICENSEE'S NAME>

(AFSL <INSERT AFSL NUMBER>)

SAMPLE

2. RECOMMENDING OUR MDA SERVICE

You must not recommend an MDA service unless it is in the best interests of the client, having regard to their personal circumstances and goals.

This means that the MDA service must be appropriate for the client; i.e. it must:

- Be fit for purpose – the MDA service must be likely to achieve the client’s goals; and
- Put the client in a better position – this will be the case if a reasonable adviser would consider that the client is likely to be in a better position if they use the MDA service.

TIP

This is an objective test. Advice will be in a client’s best interests if a reasonably expert adviser, exercising care and objectively assessing the client’s relevant circumstances, would regard it as being so.

You must also prioritise the client’s interests over your or our interests.

Some examples of how this could apply are:

- **Adviser convenience** - Advisers may like the convenience of not needing to contact clients to obtain instructions before changes are made to the client’s investments. If clients are not comfortable to relinquish that level of control, recommending an MDA service would prioritise the adviser’s interests over the client’s interest.
- **Cost** – If advisers (or their licensee) receive an additional fee when clients use an in-house investment management service, recommending the service when it is not suitable or not really necessary for a client, would prioritise the adviser’s (or licensee’s) financial interests over the client’s financial interests.

USER GUIDE: Include this paragraph if the adviser is an employee and/or authorised representative of the MDA provider or the MDA provider is a related entity to the advising licensee. Also, because our MDA service is an in-house service, we derive additional revenue if clients use this service because we receive an investment management fee in addition to our advice fee. This gives rise to a potential conflict of interest. For this reason, you must only recommend our MDA service if it offers an additional benefit for the client – see below.

Following our policy regarding when to recommend an MDA service will assist you to manage conflicts of interest and meet your best interests duty to clients.

2.1 MDA advice policy

2.1.1 Client criteria

USER GUIDE: This paragraph and table apply to all MDA providers because you can only provide an MDA service to a client if it is suitable for them. Otherwise you breach the best interests duty. THIS IS VERY IMPORTANT. You must only recommend an MDA service to clients who meet the criteria in the table below:

USER GUIDE: Customise the table below to be consistent with the reasons why YOUR business recommends MDA services and the criteria that you wish your advisers to apply when deciding whether to recommend an MDA service. NB, these are only suggested reasons. Delete any that do not apply to your MDA service. Add and other reasons why you recommend MDA services.

Issue	Template Criteria
Client Trust	<ul style="list-style-type: none">• The client understands and is comfortable giving the agreed level of discretion to the MDA provider and not being involved in day to day decisions about their investments.
Client Investment Preferences	<ul style="list-style-type: none">• The client wants their investments to be actively managed.
Client Involvement Preferences	<ul style="list-style-type: none">• The client wants to be involved in defining the investment approach.

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Issue	Template Criteria
	<ul style="list-style-type: none"> The client wants their portfolio to be automatically rebalanced back to the recommended asset allocation on an ongoing basis without having to give approval each time.
Client Concerns	<ul style="list-style-type: none"> The client wants direct ownership of their investments. The client wants the tax implications of their investments to be attributed to them so that they can control their overall tax position.
Client Convenience	<ul style="list-style-type: none"> The client is difficult to contact and does not want this to delay the implementation of investment recommendations. The client does not wish to be intimately involved in day to day decisions regarding the management of their investments.
Costs	<ul style="list-style-type: none"> The MDA service is cheaper for the client than a non-discretionary service. The MDA service is more expensive than a non-discretionary service, but the additional cost is highly likely to be offset by the additional returns.

2.1.2 Additional benefit

USER GUIDE: Include this paragraph if the adviser is an employee and/or authorised representative of the MDA provider or the MDA provider is a related entity to the authorising licensee. THIS IS VERY IMPORTANT: A FAILURE TO DO THIS PROPERLY POSES A HIGH RISK OF BREACHING THE BEST INTERESTS DUTY. Assess the following when determining whether our MDA service offers an additional benefit to the client:

- <list the issues advisers can take into account when considering whether our MDA service is an additional benefit for the client - these may relate to the investment team's superior investment methodology, expertise or approach; the interrelationships between the investment team and the client/adviser, the ability to include alternative assets in the MDA portfolio, or other benefits, as appropriate.>

2.2 Discuss it with the client

USER GUIDE: Customise this paragraph to ensure you include all the issues and information that you require your advisers to discuss with clients in order to ascertain their suitability for an MDA service. Before deciding whether to recommend an MDA service to the client, carefully explain what an MDA service is and how the MDA service you will recommend operates. Ensure you cover the following points:

- USER GUIDE:** Include this if you provide ongoing service on a discretionary and non-discretionary basis. You have 2 choices about how your investments are managed going forward. Either I can contact you each time your investments need to change, or you can give <insert name of MDA provider> the authority to make changes as they see fit. This is called a managed discretionary account service or MDA service.
- USER NOTE:** Customise this paragraph to be consistent with the reasons why your business offers the MDA service. <insert name of licensee> is a professional investment manager who <describe the licensee's investment management capabilities and approach to investments>. We have designed model portfolios of investments that reflect our approach to managing investments and are suitable for our clients.
- USER GUIDE:** Include this if you use an external MDA provider. We use/work with <insert name of MDA provider> to provide this service. They are a professional investment manager who <describe the MDA provider's capabilities and approach to investments>. They have designed/Our investment team has worked with them to design model portfolios of investments that reflect our approach to managing investments and are suitable for our clients.
- <If the MDA provider is related to the licensee/adviser, clearly explain the nature of the relationship>
- USER GUIDE:** Include this if you use an external MDA provider and the licensee receives a fee from the MDA provider for their investment management services. <insert name of MDA provider> charges fees for the MDA service and they pay <insert name of licensee> a fee for their contribution to the investment management process.

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<insert company logo>

MDA PROVIDER POLICY AND PROCEDURES

<INSERT LICENSEE'S NAME>

(AFSL <INSERT AFSL NUMBER>)

SAMPLE

3. IMPLEMENTING A MDA SERVICE

3.1 Application for MDA service

USER GUIDE: Insert your procedures for receiving applications to use your MDA service.

3.2 Initial review

USER GUIDE: Include this section when the MDA adviser is not employed by or an authorised representative of the MDA provider. Even though the external MDA adviser will have recommended the MDA service to the client, before we accept the client to our MDA service, we review the MDA client’s SoA/Investment Program insofar as it relates to their proposed Investment Program to ensure that we are satisfied that there is no reason to believe that:

- The MDA contract or Investment Program is inappropriate for the client’s financial situation, needs and objectives;
- The Investment Program does not comply with the general requirements for a SoA; and
- Any statement in our FSG about the Investment Program prepared by the external MDA adviser is misleading, deceptive or likely to mislead or deceive.

The review does not need to be comprehensive or endorse the client’s Investment Program; it is only necessary to check that on face value these documents do not appear to contain anything that raises an obvious concern that the Investment Program or MDA Contract may not be appropriate for the client.

3.2.1 What to look for

The table below provides examples of issues that would raise a concern. **USER GUIDE:** List the issues that your MDA implementation team should look for when reviewing Investment Programs and why they are a concern.

Issue	Reason for Concern

3.2.2 Identifying a concern

If you have any concerns that the MDA contract or Investment Program are unsuitable for the client, email the MDA adviser and ask them to check out your concerns and confirm why they consider the MDA contract or Investment Program to be suitable.

If you believe the Investment Program does not comply with the SoA requirements, email the MDA adviser and ask them to submit a complying Investment Program.

Consult <insert job title> if you are unsure or for assistance in reviewing the SoA/Investment Program.

3.2.3 Record keeping

On receipt of an MDA application, record the fact that you have reviewed the SoA. **USER GUIDE:** Describe how and where you retain records of initial SoA reviews.

3.3 Implementation procedure

USER GUIDE: Describe your procedures for setting up a client MDA account - or refer to where they may be found NB if you hold client funds in your trust account for a period, then include 'client money' procedures - see s 981B Corporations Act 2001 (Cth).

SAMPLE