

## Financial Services Guide

Cunningham Peterson Sharbanee Securities Pty Ltd T/A

### CPS Securities

of Level 45, Bank West Tower  
108 St Georges Terrace, Perth WA 6000

Australian Financial Services Licence No 294848

Dated: April 2012

#### What is a Financial Services Guide?

This Financial Services Guide ('FSG') is an important document which we are required to give to you under the requirements of our Australian Financial Services Licence. It provides you with information about CPS Securities to help you decide whether to use the financial services we can offer to you and the types of products we offer. It also explains how we (and other related persons) are remunerated for these services, and includes details of our internal and external complaints handling procedures and how you can access them.

If you choose to use our services you may also receive from us a Product Disclosure Statement (PDS) or offer document and/or a Statement of Advice (SOA).

#### Who are we and who will be responsible for the advice given to me?

Our Australian Financial Services Licence is 294848.

CPS Securities is a boutique financial advisory firm having been established since 2001. We have built a strong reputation for performance and service.

Any financial services offered will be provided by a representative of CPS Securities. CPS Securities is licensed under the Corporations Act to provide these services to you.

We do not act as a representative of any other licensee in relation to the services we provide you.

You can contact us by:  
Calling us on + 61 (08) 9223 2222  
Writing to us at Level PO Box Z5467  
Perth WA 6831 or emailing  
[info@cpssecurities.com.au](mailto:info@cpssecurities.com.au)

You can also visit our website at  
<http://www.cpssecurities.com.au/>

#### What financial services does CPS Securities offer me?

**Share trading** - our Advisers can offer you the service level you require from research and portfolio management to pure "execution only" no advice service.

**Financial strategies** - the majority of our Advisers are accredited to provide advice on shares, managed funds and derivatives such as warrants and options. The scope of the advice provided covers specific strategies in the following areas:

- Margin lending
- Options trading
- Portfolio construction and management
- Trading strategies
- Corporate advisory and underwriting

## Will you give me advice that is suitable and personalised to my investment needs and financial circumstances?

Yes! Your Adviser is obliged to have a reasonable basis for recommendations made to you. However, to do so your Adviser needs to find out your individual investment objectives, financial situation and needs before they can recommend any investment to you. We will therefore ask you for information at the time you open an account with us. This will be the Client Profile and should be signed and returned to us. You have the right not to divulge this information to us, if you do not wish to do so. Your Adviser will then be limited in their ability to make recommendations specific to your requirements. If you decline to provide sufficient information then it is a requirement of opening an account at CPS Securities that you at least sign the investment profile and tick the limited response option on page two. Following this any advice given to you will come with the below warning.

### **Warning:**

*This advice is based on information we have obtained about you. You must ensure the information is accurate and complete. Otherwise this advice may be based on inaccurate or incomplete information about your investment objectives, financial situation or needs, to act upon this advice. If your personal circumstances have changed since giving us this information then you need to inform your advisor.*

*Please be advised that in cases where CPS Securities and your advisor have been provided with inaccurate or incomplete information by you associated with your relevant personal and financial circumstances (as outlined in your Investment Profile), you should, before acting on the advice, consider the appropriateness of the advice, having regard to your own relevant personal and financial circumstances.*

*CPS Securities, its Principals, employees and advisors may earn brokerage or commission from any transactions undertaken on your behalf as a result of acting on this information. CPS Securities, its Director/s and employees advise that they may hold securities, may have an interest in and/or earn brokerage and other benefits or advantages, either directly or indirectly, from client transactions.*

## When will I receive a Statement of Advice?

You will receive a Statement of Advice (“SoA”) each time you receive advice from your advisor, unless the advice is Further Advice (see below). Your first SoA sets out your client profile and an investment strategy as agreed between yourself and your Adviser. Subsequent SOAs will detail any changes to your circumstances or new or modified advice that you have received. The SoA will also outline the advice you have received or will receive, the commissions or payments that CPS Securities and your Adviser will receive as a result of carrying out the agreed transactions and any other conflicts of interest that may possibly influence the advice you are given.

## Further Advice

Your Adviser maintains a record of all the advice that you receive, even though you have not received a SoA. You can request a record of all your Further Advice which is given to you at any time by simply contacting CPS Securities. You may request a record of the Further Advice within 7 years after the date on which the advice was provided.

## What financial services and products do we offer?

The CPS Securities licence authorises the licensee to carry on a financial services business to:

- (a) provide financial product advice for the following classes of financial products:
  - (i) deposit and payment products - basic deposit products;
  - (ii) derivatives;
  - (iii) interests in managed investment schemes, including IDPS
  - (iv) securities;
  - (v) standard margin lending facility; and
- (b) deal in a financial product by:
  - (i) apply for, acquiring, varying or disposing of a financial product on behalf of another for:
    - (A) deposit and payment products - basic deposit products;
    - (B) derivatives;
    - (C) interests in managed investment schemes, including IDPS; and
    - (D) securities;
    - (E) standard margin lending facility; and
  - (ii) underwriting an issue of securities.

to retail and wholesale clients.

Your adviser is authorised to give you advice and deal for you on each of the financial products

once they have completed their industry training. Not every adviser deals for example in derivatives, so ask your Adviser which specific financial products they are able to advise on. We do not provide financial planning services and only give personal financial product advice to clients we have detailed financial information about. We will not give you personal financial advice when you visit our website or if we email you from our email list.

If we provide you with personal financial product advice rather than general financial product advice we will give you a SoA although it will be limited personal advice as we may not have a detailed financial profile completed for you.

Personal financial product advice is advice that takes into account one or more of your objectives, financial situation and needs. The SoA will contain the advice, the basis on which it is given and information about fees, commissions and any associations which may have influenced the advice.

### **What should I know about any risk of the investments or investment strategies you recommend to me?**

We will explain to you any significant risks of investments and strategies that we recommend. If we do not do so, you should ask us to explain those risks to you prior to accepting a recommendation or advice. We require your risk profile to be declared to us at the time of opening your account.

Equity securities, in common with all the other asset classes (e.g. real property and government bonds) can decline in value as well as appreciate. The measure of this change in value is often referred to as volatility. The more the value varies over time, the more volatile the asset is and therefore the more risk involved in investing in it. On the other hand the less volatile an asset is, the less likelihood there is for any significant capital gain or loss from investing in that asset. Equity securities are generally more volatile than other asset classes, however, the markets for other asset classes are often not as efficient or transparent as the stock market in terms of the information available to investors and the process for continuously determining and making public the real market value of the particular asset. For this reason the real volatility of those other assets is often not fully appreciated.

In general, the risks of investing in equities can be categorised in the following manner. Please note that the list below does not purport to be complete, as it would not be feasible to list all the possible risks in each category.

- Overall Market Risk

- Domestic versus International Risk Factors
- Sector Specific Risk Factors
- Stock Specific Risk Factors

### **What are the alternative investment strategies available to me?**

Review Investment Profile  
Income yield  
Capital Stable  
Blue Chip Profile  
Growth Oriented  
Balanced Income Growth  
Speculative Risk Trading

Remember our Advisers make their recommendations based on the information available to them at the time of advising you. Markets can move extremely quickly. Therefore, you should satisfy yourself that the investment you are considering is suitable for your time frame and your risk profile. When assessing your tolerance to risk you need to ask yourself “how much of my capital am I prepared to lose” as well as deciding whether your strategy will employ an aggressive growth strategy (with high risk) but with the potential to achieve a higher return or whether you are more interested in modest returns and capital preservation (with less potential for loss). As has been evidenced by past market events it is possible to lose money on “blue chip” shares.

### **How can you transact with us?**

You can give us instructions by telephone, mail, fax, email or in person. Any dealings with us by telephone or fax will be governed by our standard ‘telephone and fax terms and conditions’. These terms and conditions are contained in the PDS (or offer document) for each product and are also available from our website at [www.cpssecurities.com.au](http://www.cpssecurities.com.au)

Your order will be executed and settled through our Execution and Settlement Agents, Patersons Securities Limited (“PSL”) or other Execution and Settlement agent as appointed by CPS from time to time. You will receive a copy of our Execution and Settlement agents FSG at the time of opening an account or you can access it at any time via our website.

The method by which the Execution and settlement Agents will accept your or CPS Instructions, will be subject to the terms and conditions of trading between CPS, the settlement Agents and you. This also provides your authorisation for CPS to open an account with the Execution and Settlement Agents (which

will result in the opening of a bank account in your name, on your behalf). To use the sponsorship services, you will need to enter into a CHESSE Sponsorship agreement with PSL, (which forms part of your account opening documentation with CPS). PSL will provide instructions on your behalf to CPS.

## **What commissions, fees or other benefits are received?**

### **Brokerage**

CPS Securities and its advisers are remunerated brokerage on the transaction you are entering into. CPS receives part of the brokerage you are charged on your contract note by Paterson Securities Limited. PSL retains part of the brokerage and pays the balance to CPS. Fees and charges charged by PSL are detailed in the PSL Financial Services Guide.

The commission you will be charged by CPS will be in the range of 0.5% to 2.5% with a minimum charge of \$100, whichever is greater.

Our Representatives are remunerated on a wholly commission basis Advisors receive between 50 and 67.5% of the brokerage charged on your trade confirmation.

### **Example**

If you buy \$10000 worth of shares, and the brokerage is charged at 2.5%, the cost to you will be \$250 + GST of \$25, resulting in a total cost of \$275. CPS receives the \$250 less the contract note cost of \$25, the net amount received by CPS is \$225. Of this your Advisor will receive between 50% (\$112.50) and 67.5% (\$151.88)

Your Adviser is required to set out the remuneration and commissions they receive in the SOA which they must give to you. The charges for each on market transaction will be detailed in each trade confirmation.

CPS Securities and its advisers may also be required to disclose specific conflicts of interests such as owning shares in the companies you are investing in, receive other fees or benefits. If we do, we will disclose each specific conflict of interest to you.

### **Initial Public Offerings and other Capital Raisings**

Where you participate in an Initial Public Offering, placement or other form of capital raising through CPS Securities, there will be no brokerage charged on the transaction. CPS may however receive handling fees/ or underwriting fees from the issuer. Fees received may be in the form of cash or shares. The fees paid by the issuer will be disclosed in the documentation

relating to the issue. If CPS receives any incentive then it will be disclosed to the client at the time of making the offer.

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### **Example**

If you subscribe for \$20,000 worth of shares in an initial public offering and the issuer is paying a 5% handling fee to CPS, CPS will receive \$1000, Your advisor will receive between 50 and 67.5% of the fee, in dollar terms between \$500 \$675.

### **Fail Fees/ Interest**

Where you fail to settle a buy or a sell transaction on the settlement date on your trade confirmation you will be charged \$50 per day until settlement occurs.

### **Other Commissions**

We also receive trail commissions on Cash Management facilities paid by the provider. These trails range from .25% to .66% per annum.

We may also receive a trail commission for investments from Fund Managers these are generally 1.5% pa of the amount invested dependent on the product.

## **How is my personal information dealt with, what information do you maintain in my file and can I examine my file?**

We maintain a record of your personal profile which includes details of your investment objectives, financial situation and needs.

Personal information collected from you to compile your personal profile may include information such as your financial circumstances, your interests, investment objectives, investment experience, annual income, Net Worth, existing Investments, age, occupation and the level of risk you would like to have with your investments.

We will not disclose your information to any other person except where such disclosure is authorised by the National Privacy Principles or required by law (for example to our regulators).

From time to time we would like to be able to use your personal information to tell you about seminars, services and new offers. If you do not wish to receive this information, please contact us as set out below.

## **Our Professional Indemnity Insurance**

CPS Securities has in place Professional Indemnity Insurance with Vero Profin (a division of Vero Insurance Limited). At the time of printing this document this insurance covers up to \$5,000,000 for any one claim and a total of \$10,000,000 for multiple claims inclusive of legal costs arising from the claim(s).

The insurance covers claims in relation to financial product dealings (eg. shares and options), advice concerning margin lending, underwriting of financial products, the investment of funds and the provision of advice relating to financial products including any research undertaken by CPS Securities.

Should you wish to obtain further information in relation to our insurance, please contact us.

## **Who can I complain to if I have a complaint about the advisory service?**

If you have a 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 three days, please email [compliance@cpssecurities.com.au](mailto:compliance@cpssecurities.com.au) or put your complaint in writing and send it to us addressed to:

CPS Securities  
Att: Tony Cunningham  
PO Box Z5467  
Perth WA 6831.

We will try to resolve your complaint quickly and fairly.

If you are not satisfied with our handling of your complaint you may lodge a written complaint with:

The Financial Ombudsman Service  
GPO Box 3  
MELBOURNE VIC 3001

You can call FOS on 1300 78 08 08 or email at [info@fos.org.au](mailto:info@fos.org.au) or fax (03) 9613 6399.

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

## **Privacy**

CPS Securities ensures that the personal information collected about you is private. If you wish to complain about any breach or potential breach of our Privacy Policy or the National Privacy Principles, you should contact CPS Securities.

Your complaint will be responded to within seven days. We will use our best endeavours to resolve any complaint to your satisfaction. However, if you are unhappy with our response, you may contact the Office of the Privacy Commissioner who may investigate your complaint further.