



Financial Services Guide

1. Issue Date

1st October 2018

2. Purpose and Contents of this Financial Services Guide (“FSG”)

This FSG is designed to provide you with important information about us and our financial services and products. The information includes:

- Who we are and how you can contact us.
- What services we are authorised to provide under our Australian Financial Services (“AFS”) Licence.
- How we are remunerated for these services.
- Any (potential) conflicts of interest we may have.
- Our dispute resolution processes and compensation arrangements.

It is very important that you read and understand the contents of this document prior to making decisions about engaging us and accessing our financial products and services.

If you would like further information, please contact us.

3. Name of Service Provider

The Service Provider is Vertical Capital Markets Pty Ltd (ABN 11 147 186 114) (“VCM”), the holder of AFS Licence number 418418. Please note that VCM also trades under its registered business name, VFS Group.

4. Authorisations and Services under Our AFS Licence

VCM’s AFS Licence permits it to undertake the following financial products and services:

- a) To provide financial product advice for the following classes of financial products:
 - (i) Deposit and payment products limited to:
 - 0 Basic deposit products;
 - (ii) Derivatives;
 - (iii) Foreign exchange contracts;
 - (iv) Life products including:
 - 0 Investment life insurance products, as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
 - 0 Life risk insurance products, as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;
 - (v) Interests in managed investment schemes limited to:
 - 0 MDA Services;
 - (vi) Securities;
 - (vii) Standard margin lending facility; and
 - (viii) Superannuation; and

- b) To deal in a financial product by:
 - (i) Issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
 - 0 Derivatives;
 - 0 Foreign exchange contracts;
 - 0 Interests in managed investment schemes limited to:
 - MDA Services; and
 - 0 Securities; and
 - (ii) Applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - 0 Deposit and payment products limited to:
 - Basic deposit products;
 - 0 Derivatives;
 - 0 Foreign exchange contracts;
 - 0 Life products including:
 - Investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
 - Life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;
 - 0 Interests in managed investment schemes limited to:
 - MDA Services;
 - 0 Securities;
 - 0 Standard margin lending facility; and
 - 0 Superannuation;

to both, retail and wholesale clients.

VCM is a full-service broker with authorisations to advise and deal in a number of financial products. VCM is also able to provide its clients with wealth management and financial planning services.

5. Our Contact details

Vertical Capital Markets Pty Ltd
 GPO BOX 4929
 Sydney NSW 2001

Email: info@vfsgroup.com.au
 Telephone: 1300 220 360
 Website: www.vfsgroup.com.au

6. Warning about the “General” Nature of Our Advice to You

This FSG contains only general information about the services we offer. If you still have any questions after reading this FSG, please contact us. Our contact details are listed at the end of this document.

Accordingly, it is important that you obtain prior advice from a licensed professional regarding the suitability of our products and services for your individual objectives, specific financial situation or other personal needs.

If you would like to receive advice and services from us which constitutes ‘Personal’ advice, being advice tailored for individual objectives, specific financial situation or other personal needs, we will need to first collect and consider your personal and financial information, and provide you with more in-depth disclosures in the form of a Statement of Advice (“SoA”). The SoA will contain the ‘Personal’ advice, the

basis on which it is given and information about fees, commissions and any associations which may have influenced the advice.

While VCM strives to ensure that the advice and information we provide to our clients is wholly accurate and reliable, neither VCM nor its directors, officers, employees, contractors, agents or associates assume any responsibility for the accuracy, completeness or currency of that advice and information.

7. Method of providing us With Instructions to Deal on Your Behalf

If for any reason you are unable to execute a transaction, and wish to utilize our dealing services, you can contact us and issue us with specific instructions to act on your behalf. You can send us your specific instructions in the following ways:

- In person.
- By ordinary or registered post.
- By email communication.
- Via the telephone.
- Such other method as may be mutually agreed between us.

8. Documentation

VCM will provide its clients with the relevant documentation to facilitate the provision of its advice and execution of your transactions. We will also provide you with a relevant Product Disclosure Statement ("PDS") prior to the issue of any financial products. The PDS contains important information regarding the features, benefits, risks and fees applicable to those products. It is important that you carefully read all documentation and disclosure statements that we give to you to enable you to make an informed investment decision.

9. Statement of Advice

If your Adviser provides you with personal advice in relation to a financial product or service, you are entitled to receive a SoA. The purpose of a SoA is to help you understand and decide whether to rely on personal advice. The SoA will set out the advice, the basis on which it was given and information about fees, commissions and any relationships VCM has with third parties that may have influenced the advice. If there is any change in your personal circumstances after an initial SoA has been provided, you should immediately notify your Adviser so that an updated SoA can be provided.

VCM may also provide you with factual information regarding current or historical market/rates, and facilitate execution-only requests.

10. Managed Discretionary Account (MDA)

We are authorised to provide MDA services. An integral part of an MDA service is that you provide authority to someone else, such as VCM, to invest in financial products on your behalf without prior reference to you for each transaction.

In order to be provided with MDA services, you first need to have obtained personal advice from us in relation to your personal circumstances, needs and objectives. Where we consider an MDA service is suitable for you, we will provide you with a SoA that sets out the reasons why we believe you should consider an MDA service.

Any material changes in your circumstances must be disclosed to VCM as they occur so that VCM may assess whether the Investment Program included in your MDA Contract continues to be suitable for you.

Prior to providing you with an MDA service, you are required to enter into an MDA Contract.

The Investment Program will contain a detailed range of parameters that have been designed to suit your particular circumstances and needs; it is prepared in accordance with the requirements of Division 3 of Part 7.7 and Division 2 of Part 7.7A of the Corporations Act 2001 (Cth) ("the Corporations Act").

The Investment Program will contain the following information:

- the nature and scope of the discretions VCM will be authorised and required to exercise under the MDA Contract and any investment strategy that is to be applied in exercising those discretions;
- any significant risks associated with the MDA Contract;
- the basis on which VCM considers the MDA Contract to be suitable for the client; and
- warnings about the MDA Contract, such as:
 - it may cease to be suitable for the client if the client's relevant circumstances change; and
 - it may not be suitable for the client if the client has provided VCM with limited or inaccurate personal information about the client's relevant circumstances.

Under our MDA service, either the Adviser or the MDA Manager appointed by VCM (if applicable) will be responsible for reviewing the Investment Program once every 13 months to determine whether it is still appropriate for you. You may however, instruct us at any time to undertake certain corporate actions (proxy voting), transactions or exercise certain rights on your behalf. You can give us these instructions by telephone, fax or email.

The major risks of an MDA service are:

- there can be no assurance that the MDA will achieve its investment objectives;
- you can lose a substantial amount, or in certain circumstances, all of your initial capital;
- that you may be subject to financial losses for investment decisions made; and
- that we may exercise discretion in relation to corporate actions that may not be suited to your requirements.

These are addition to the additional risks associated with an investment in an MDA. Although this section does not purport to be an exhaustive list of the risks involved in investing in VCM's MDA services, it is important to note the following:

- General Economic Conditions and Market Risks – The MDA's operating and financial performance may be influenced by a variety of general domestic and international economic factors and business conditions which are outside the control of VCM, for example, the inflation rate, commodities prices, exchange rates, interest rates, the government and government fiscal, monetary and regulatory policy, natural disaster and acts of terrorism.
- Risk associated with selling options – When trading options, the buyer of the option has the right to decide whether or not to exercise the option contract and at times when the options contract is exercised. Therefore, in a rising market the seller of a call option may be obligated to sell the underlying financial product at less than the current market value whilst in a falling market the seller of a put option may be obligated to buy the underlying financial product at more than the current market value.
- Industry Risk – There are a number of industry risk factors that may affect the future operational performance of the MDA, for example, increased regulatory and compliance costs and variations in legislation and government policies.
- Financial Market Volatility – A fall in global or Australian financial markets or the rapid change in the value of the Australian dollar against other major currencies may discourage investors from investing in financial markets.
- Liquidity Risk – The MDA may invest in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts) or expensive for VCM to liquidate positions against which the market is moving.

- Exchange Rate Risk – Investment in a MDA must be converted to Australian Dollars. Accordingly, investors other than Australian residents should be aware that exchange rate fluctuations could cause the value of the investment to diminish or increase.
- Size of MDA – The size of the MDA will determine the allowed diversity and risk profile of the MDA.
- Licensing Requirements – The ability of VCM and the MDA Manager to continue to manage the MDA in accordance with this MDA Contract and the Corporations Act, is dependent on VCM maintaining its AFS Licence.
- VCM makes no representation as to any return that investors will earn via the MDA and there can be no assurance that the target performance information, set out in the Investment Program, will be in any respect indicative of how the MDA will perform.
- VCM may use bulk ordering. There is risk that the volume of orders may significantly increase the likelihood of split fills. Accordingly some accounts will receive prices that are more favourable / detrimental (whatever the case may be) in comparison to other accounts.
- As MDA investing is not carried out on a pooled basis, but rather is segregated as discrete portfolios, individual account balances and portfolio valuations may vary substantially in comparison to other MDAs.

We have implemented internal controls to manage these risks. The SoA and the MDA Contract provided to you will set out details of how the above risks are managed.

The client opens an MDA in their own name and thus, holds the legal title to the portfolio of assets. The MDA service provided by VCM does not include custodial or depository services. Your funds and assets will be held with the Third Party Service Provider in either a Clients' Segregated Account or a Trust Account. The Third Party Service Provider nominated by VCM provides dealing services to the Client, which includes execution and clearing services and holding client funds.

Exchange Traded Options ("ETOs") are used in client MDA portfolios to:

- hedge against fluctuations in the underlying share portfolio; and
- increase the income earned in client portfolios.

Their flexibility stems from the ability to both buy and short sell an ETO contract and undertake multiple positions targeting specific movements in the overall market and individual equities.

The use of ETOs within an MDA portfolio provides flexibility to take advantage of rising, falling and sideways markets. However, both the purchase and the sale of ETOs involve risks which are outlined in the MDA Agreement executed with each client.

This FSG complies with the conditions of the MDA relief extended to MDA service providers by ASIC in accordance with Division 2 of Part 7.7 of the Corporations Act, ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968 and ASIC Regulatory Guide RG179.

11. Non-Limited Recourse Products and Facilities

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

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

Example 1: Margin Loan

You use \$50,000 of your own money and borrow \$450,000 via a margin loan to invest in \$500,000 in shares. If your shares suffer a significant decrease in value to \$200,000 and you are

required to meet a margin call from the lender immediately to fully repay your margin loan, you may be forced to sell \$250,000 of your other assets and property to make up the shortfall in value due to the decrease in value of your shares which have been held as security for the margin loan.

Example 2: Derivatives and Foreign Exchange (FX) Contracts

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

| Trade | Gold long CFD | EUR / USD Long FX Contract |
|-------------------|---------------|----------------------------|
| Position Size | 60,000 | 80,000 |
| Open Price | 1550 | 1.5020 |
| Stop Loss | 1450 | 1.5120 |
| % Risk on Account | 3% | 4% |
| Close Price | 1450 | 1.5210 |
| Result | \$600 LOSS | \$800 LOSS |

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

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

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

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

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

12. Outsourced Arrangements

VCM outsources some aspects of the management of your account to specialist organisations. This ensures the effective operation and management of your account. VCM has a services agreement in place with each outsourced provider to ensure that your interests are protected. The performance of each provider is monitored closely to ensure it performs each task assigned to them in accordance with the service level agreement in place with each provider.

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

monitor their services against the agreed contractual services.

The following functions are outsourced:

- Broker(s) to carry out trades required to implement your investment strategy.
- Cash Management Account to settle trades, hold income receipts and pay any management fees applicable to the operation of your account.
- Administration and accounting function required to hold the book of records for the entity we are implementing the Investment Strategy for.
- Audit.

The third party service provider that will be responsible for providing these services to you is dependent on the MDA you invest in and is disclosed in the relevant tables at the end of this FSG. MDA clients are required to enter into a separate arrangement with VCM with respect to these services.

13. Professional Indemnity Insurance

Our compensation arrangements comply with the legal requirements set out in Section 912B of the Corporations Act and ASIC Regulatory Guide 126. As required, we maintain professional indemnity insurance coverage in relation to the financial products and services we provide. Our coverage includes any claims in relation to the conduct of present and former representatives and/or employees.

We may rely on our professional indemnity insurances for claims for compensation we receive from clients or former clients. These insurances are between us and our insurer and are intended to respond to civil liability resulting from significant claims for compensation made against us for financial services provided by us or our representatives. These insurances provide cover even if one of our representatives has ceased to act or work for us.

Where we are liable to make a compensation payment ourselves, we will generally do so out of existing cash-flow and other resources.

14. Our record-keeping obligations

VCM will seek to ensure that comprehensive and accurate records of all client transactions undertaken, and all client advice provided, are properly maintained.

15. Who do we act for?

VCM is responsible for the financial services and products it provides to you under its AFS Licence. In providing you its financial services and products, it does not act on behalf of any other financial services licensee.

16. Remuneration, Commission and Benefits Expected to be Received by VCM for the Provision of Financial Services

General

All fees are in Australian dollars and include GST unless advised otherwise. All fees, commission and charges are subject to change.

Our directors, employees, representatives and Authorised Representatives may in turn be remunerated on a commission basis for the services provided to you. Their remuneration is included in the commissions discussed in this document.

Where your business has been referred to VCM or your trade instructions require the use of a third party, VCM may be required to share a percentage of the commission or other charge with other parties. Payments to directors, employees, representatives, Authorised Representatives and referral agents will only be paid if they are authorised by you.

Financial Advice Fees

Initial Meeting

The initial meeting with your adviser is at our cost. During this consultation, we will explore your current position, discuss your requirements, explain our services, and outline any advice fees payable relating to our services.

This meeting is to determine if there is a fit between you and VCM. We only take on clients where the benefit to you significantly outweighs our fee.

If you are not 100% satisfied within 14 days of receiving your advice, then we will refund your Initial Advice fee in full, at your written request.

Second Meeting

The presentation of your strategy will be at our offices in the Sydney CBD or via Skype, webhosting or telephone and will outline any further fees / commissions inherent in implementing your strategy.

Agreed Flat Fees

| Strategy | Initial Advice | Project Implementation | Tax Refund | After Tax | MTR |
|---------------------|----------------|------------------------|--------------|-------------|-----|
| Basic | \$ 2,200.00 | \$ 7,700.00 | -\$ 3,080.00 | \$ 4,620.00 | 40% |
| Intermediate | \$ 3,300.00 | \$ 11,000.00 | -\$ 4,400.00 | \$ 6,600.00 | 40% |
| Advanced | \$ 4,400.00 | \$ 15,500.00 | -\$ 7,440.00 | \$ 8,060.00 | 48% |
| Complex | Per case basis | | | | |

Hourly Rates

For any ad-hoc work to be completed that is outside the regular servicing offering or outside the scope of what is described above, you may be charged on a simple hourly rate for work to be completed. We will quote any work that is of this nature to you prior to commencement.

Hourly Rates

| Services Performed By | Hourly Rate |
|-----------------------------|-------------|
| Director/Partner | \$ 485.00 |
| Certified Financial Planner | \$ 363.00 |
| Senior Financial Planner | \$ 262.00 |
| Financial Planner | \$ 165.00 |
| Paraplanner/Technical | \$ 121.00 |
| Administration | \$ 88.00 |

VCM is remunerated through the fees and commissions that we charge you for executing transactions on your behalf and for the provision of advice. Fees and commissions charged to you will depend on the type of financial product being traded, the frequency of your trading activity, the type and level of service required and the size of your transaction. Rates are subject to negotiation prior to transacting any business. Fees and commissions, once disclosed and agreed, will be charged to your Trading Account at the time any transaction is executed.

VCM's fees and charges will be paid by either of the following two methods:

- VCM's fees and commissions will be charged to your Trading Account by the third party service provider on behalf of VCM. The third party service provider charges VCM a fee for providing its execution and clearing services, and VCM's fees and commissions, less the third party service provider's fee, will be paid to VCM by the third party service provider from time to time. Accordingly, the third party service provider's fee is not an additional cost to you.
- VCM will be receiving a percentage of the commission paid to the third party service provider by you. The amount received by VCM will vary depending on the contractual arrangements entered into between VCM and the third party service provider and will be pursuant to the terms and conditions of your agreement with

VCM. Accordingly, VCM's fee is not an additional cost to you.

The fee and commission rates below are the maximum that VCM may charge and are provided as a guide only. A detailed description of the fees, charges and commissions payable are contained in the PDS for the relevant financial product. VCM will provide you with details of the rates applicable to you at the time you enter into the client agreement.

| Type of Product | Basis - Frequency | Maximum Fee |
|----------------------------|-------------------|---|
| Securities – Domestic | Per transaction | Up to \$110 or 1.1% of the transaction value (whichever is greater) |
| Securities – International | Per transaction | Up to USD \$0.165 per share |
| ETOs – Domestic | Per transaction | Up to \$110 |
| ETOs – International | Per transaction | Up to USD \$110 |
| Futures | Per transaction | Up to \$55 per lot |
| Margin FX | Per transaction | VCM may charge a ticket fee per contract of up to \$22 or where no ticket fee applies. VCM may derive its revenue from the FX spread. |

There may be other charges applicable to a securities trading account that are passed on by third party service providers. These fees and charges will be fully noted in the Agreement that you will be signing with the third party service provider. There may be numerous other fees that may triggered depending on the style of your account.

VCM, acting reasonably may change these rates from time to time. Such changes will be notified to you by email, in writing or where you have agreed by us posting a notice to our website, <http://vfsgroup.com.au>.

Commissions

VCM may receive initial or ongoing commission payments when you invest in a product or commence an insurance policy through us. Under this arrangement, VCM may receive commission payments directly from product providers.

An initial commission is a one-off payment made upon entry to a financial product and an ongoing commission is paid each year for which a financial product is maintained.

Commission payments are based on a percentage of the funds you invest or the insurance premiums you pay. They are not paid directly by you and are instead deducted from the investment, superannuation, loan or insurance premium by the product provider and paid to VCM.

Investment and superannuation products

The initial commission that VCM may receive on an investment or superannuation product can be up to 5.50% of the investment amount.

The ongoing commission that VCM may receive can be up to 1.10% per annum of the investment amount.

VCM only receives initial or ongoing commission payments on investment or superannuation products, where they are entitled to receive these payments through existing arrangements with product providers.

Insurance Policies

The initial commission that VCM may receive on insurance policies can be up to 88% of the first year's premium. The ongoing commission that VCM can receive may be up to 32% per annum of the renewal premium.

We only receive commission payments where we are entitled to receive these payments through existing arrangements with product providers. Any commission payments that VCM receives are not an additional cost to you.

Margin Lending

VCM may receive commission payments on margin loans which are based on a percentage of the loan amount. This commission is paid on an annual basis and VCM may pass this on to your financial planner/ adviser. VCM will only receive initial or ongoing commission payments on margin loans, or additional drawdowns to these products, where they are entitled to receive these payments through existing arrangements with product providers.

Managed Discretionary Account Fees and Other Costs

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

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

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

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

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

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

If you have opened an MDA with VCM then you may be subject to the following fees:

- Brokerage charged by the third party service provider as the case may be.
- MDA Fees which are charged by VCM and comprise of an Administration Fee and a Performance Fee:
 - Administration Fee - can be a combination of an upfront entry fee (ie. a percentage of account opening balance) and/or annual ongoing account fees (that is, a percentage of end of quarter account balance).
 - Performance Fee – charged on new profits made during the quarter (that is, a percentage of profit generated depending on the rate of return for the quarter). The rates that apply to each MDA are detailed in the tables included at the end of this FSG.

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

| MDA Provider: Vertical Capital Markets Pty Ltd | | |
|--|--------|-------------------|
| MDA Manager: Vertical Capital Markets Pty Ltd and TWW Pty Ltd | | |
| Investment Programs: Conservative Portfolio, Balanced Portfolio, Growth Portfolio | | |
| Underlying Products: Securities, Derivatives, Foreign Exchange Contracts | | |
| Type of fee or cost | Amount | How and when paid |
| Cash Movement Fee | | |
| Fees when your money moves in or out of the managed investment product | \$0 | N/A |
| Establishment Fee | | |
| The fee to open your investment | \$0 | N/A |
| Contribution Fee | | |
| The fee on each amount contributed to your Investment | \$0 | N/A |
| Withdrawal Fee | | |

| | | |
|--|--|---|
| The fee on each amount you take out of your Investment | \$0 | N/A |
| Exit Fee | | |
| The fee to close your investment | \$0 | N/A |
| Management Costs | | |
| The fees and costs for managing your investment | The administration fee on your account will range between 0.5% and 3.0% depending on account size. | Fees will be calculated daily and charged monthly. |
| Transactional fees will be disclosed to you within the Statement of Advice | Refer to the above section which provides details of costs, remuneration and other benefits that may be received by VCM and its representatives. | Per transaction. |
| Performance Fees | | |
| The fee on new net profit within a quarter. (Includes an amount which may be payable to an adviser) | 22% | Payable in arrears on the last business day of the quarter and will accrue daily between such dates based on new net profit within a quarter. |
| The fee for changing investment options | \$0 | N/A |

Example of MDA Fees

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

| Example | | Balance of \$100,000 with No Contributions During the Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------|-------------------------|--|-------|-------------------------|--------------------|---|---------|--------|---|---------|--------|---|---------|--------|---|--------|--------|---|--------|--------|---|---------|--------|---|---------|--------|---|---------|--------|---|---------|--------|----|---------|--------|----|---------|--------|----|---------|--------|
| Administration Fee | 2.2% per annum | <p>VCM charges the Administration Fee on a monthly basis, based on the Net Portfolio Value at the end of the month (that is, cash and market value of all financial products held in the account).</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Average Account Balance</th> <th>Administration Fee</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>100,000</td> <td>183.33</td> </tr> <tr> <td>2</td> <td>101,000</td> <td>185.17</td> </tr> <tr> <td>3</td> <td>103,000</td> <td>188.83</td> </tr> <tr> <td>4</td> <td>99,000</td> <td>181.50</td> </tr> <tr> <td>5</td> <td>97,000</td> <td>177.83</td> </tr> <tr> <td>6</td> <td>101,000</td> <td>185.17</td> </tr> <tr> <td>7</td> <td>103,000</td> <td>188.83</td> </tr> <tr> <td>8</td> <td>102,000</td> <td>187.00</td> </tr> <tr> <td>9</td> <td>105,000</td> <td>192.50</td> </tr> <tr> <td>10</td> <td>106,000</td> <td>194.33</td> </tr> <tr> <td>11</td> <td>104,000</td> <td>190.67</td> </tr> <tr> <td>12</td> <td>108,000</td> <td>198.00</td> </tr> </tbody> </table> <p>The Annual Administration Fee would be \$2,253.17.</p> | Month | Average Account Balance | Administration Fee | 1 | 100,000 | 183.33 | 2 | 101,000 | 185.17 | 3 | 103,000 | 188.83 | 4 | 99,000 | 181.50 | 5 | 97,000 | 177.83 | 6 | 101,000 | 185.17 | 7 | 103,000 | 188.83 | 8 | 102,000 | 187.00 | 9 | 105,000 | 192.50 | 10 | 106,000 | 194.33 | 11 | 104,000 | 190.67 | 12 | 108,000 | 198.00 |
| Month | Average Account Balance | Administration Fee | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 100,000 | 183.33 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | 101,000 | 185.17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | 103,000 | 188.83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | 99,000 | 181.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | 97,000 | 177.83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | 101,000 | 185.17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | 103,000 | 188.83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | 102,000 | 187.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | 105,000 | 192.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | 106,000 | 194.33 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | 104,000 | 190.67 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | 108,000 | 198.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Performance Fee | 22% | <p>VCM charges the Performance Fee on a quarterly basis, based on new net profit within a quarter.</p> <p>If you invested \$100,000 in the MDA and made a new net</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | profit of \$10,000 within the year then you would expect the Annual Performance Fee to be \$2,200.00. This estimate is inclusive of GST and is provided as an example only and is not a forecast. The actual performance fee may be higher, lower or not payable at all. |
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Additional explanation of fees and costs

Administration Fee

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

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

Performance Fee

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

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

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

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

Transaction fees

Brokerage, Commissions or fees may be payable by clients otherwise depending on the services provided, and will be disclosed to, and agreed with, you prior to trading. The brokerage rate and other fees and commissions may vary according to the type and level of service provided, and the size, and the frequency of the transaction.

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

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

Further information about the Transaction fees, can be found above.

Implementation

We may also receive brokerage, fees and commissions from third-party product issuers. We may also charge administration fees in relation to certain services. However, such fees will be advised to you prior to being charged to you.

Representatives of VCM who provide you with advice or execute a transaction on your behalf may receive commissions or other remuneration for the provision of these services. Our employees may also receive salaries, performance bonuses and other benefits from us.

Fees levied in relation to the provision of personal advice will be disclosed in the SOA and agreed with you prior to being charged to you.

17. Disclosure of any Relevant Conflicts of Interest

Subject to disclosures in any PDS or other transaction documents we provide to you, we do not have any relationships or associations which might influence us in providing you with our services.

As per above, VCM may arrange for you to be supplied with financial services and products issued by non-related product issuers. VCM may receive a fee, commission payment, or other form of remuneration, or other benefits from these non-related issuers as a result of you

investing in one of their products or services.

18. VCM is a Participant in a Licensed Market

VCM is a Participant of the National Stock Exchange of Australia Limited.

19. Dispute Resolution

VCM has an internal dispute resolution process in place to resolve any complaints or concerns you may have, as quickly and fairly as possible in light of all the circumstances.

If you hold any concerns or complaints, please advise us by letter, email or telephone, addressed or directed to the Managing Director. Upon receipt of your letter, we will seek to resolve your complaint within seven (7) days or such further time-period as may be reasonably necessary given the nature of your complaint.

If you are dissatisfied with our handling of your complaint or concern, you have the right to lodge a complaint with the Financial Ombudsman Service (“FOS”). The FOS is an external dispute resolution scheme, of which VCM is a member. The contact information for the FOS is:

Financial Ombudsman Service

GPO Box 3
Melbourne VIC 3001
(T): 1800 367 287
(F): (03) 9613-6399
info@fos.org.au
www.fos.org.au

From 1 November 2018, the Australian Financial Complaints Authority (“AFCA”) will replace FOS as Amplus Global’s external disputes resolution service. Here are the contact details for AFCA:

Australian Financial Complaints Authority

GPO Box 3
Melbourne VIC 3001
(T): 1800 931 678
info@afca.org.au
www.afca.org.au

The AFCA website also permits you to register or lodge a dispute online.

20. Our Privacy Policy

VCM is committed to protecting your Personal Information in accordance with the Australian Privacy Principles pursuant to the Privacy Act 1988 (Cth) (“the Privacy Act”). Our Privacy Policy contains up-to-date information about our privacy practices and procedures.

Under the Privacy Act, there is a distinction between your Personal Information and your Credit Information. Personal Information is non-public information that readily identifies you. Credit Information is your Personal Information that is directly relevant to your credit eligibility. The Privacy Act and the Credit Reporting Code, require else to deal with each type of your information in distinct ways. Our Credit Information Policy outlines our practices and procedures for collecting, handling and disclosing your Credit Information.

You can access our Privacy Policy and Credit Information Policy at www.vfsgroup.com.au, or alternatively, a copy can be sent to you upon written request to:

Vertical Capital Markets Pty Ltd Privacy Officer
GPO Box 4929
Sydney NSW 2001.

Generally, VCM will not disclose your Personal Information without your consent, except as authorised under its client agreement, its Terms and Conditions, and/or as authorised or required under any Australian law or regulation.