

1 July 2021

# FINANCIAL SERVICES GUIDE

*Managed Discretionary Account Service – WealthO2*

***This Financial Services Guide ('FSG') describes our managed discretionary account services to assist you to decide whether to use them.***

***This FSG comprises and must be read in conjunction with the Lifespan Financial Planning Financial Services Guide dated 1 July 2021 (LFPFSG) and your adviser's current Adviser Profile that includes details of your adviser's remuneration and forms part of the LFPFSG. These documents should be read together. Lifespan Financial Planning Pty Ltd ('Lifespan Financial Planning') has authorised its authorised representatives to provide this document to you.***

## Managed Discretionary Account services

Lifespan Financial Planning offers a Managed Discretionary Account ('MDA Account') service for clients who have entered into a contract with us to provide this service ('MDA Contract'). This enables us to invest in financial products on behalf of a client and/or manage a client's investment portfolio on a discretionary basis in accordance with an investment strategy ('Investment Program') which has been pre-agreed with the client ('MDA Service').

The discretion can be used to rebalance the client's investments, or replace one investment with another in order to achieve the objectives of the Investment Program without contacting the client in advance to obtain the client's authority to make the changes.

## Our authorisations

We hold Australian financial services licence (AFSL) No. 229892, which authorises us to provide personal advice on and deal in relation to MDA services.

## Nature of Portfolios

Your money will only be allocated to investments that have been screened by Ideal Ratings as being Shariah-compliant or certified by ISRA as being Sharia-compliant investments.

This means investments that are governed by the requirements of Shariah law and the principles of Islam. Shariah-compliant investments are often considered to be a specialist branch of ethical investing. Companies invested in certain activities should not be directly invested in when seeking to invest in line with Sharia law, such as alcohol, gambling, tobacco, weapons, conventional finance (non-Islamic banking, finance and insurance), among others.

Ideal Ratings will filter out any shares that are not shariah-compliant from the investment universe that we use to build direct share portfolios. Ideal Ratings will also review the holdings of any Exchange Traded Funds that we wish to use to ensure that they have enough of their portfolio invested in Sharia Compliant investments. Then, Lifespan will select investments from the remaining assets, including Australian and International shares, ETFs, property and infrastructure, alternatives, Gold and Cash. The assets included in the final recommendation will be certified as Shariah-Compliant by ISRA (Islamic Science & Research Academy) who will review the final investments that we select for the portfolio after Ideal Ratings screening process and certify that the investments are Sharia Compliant.

Due to your requirement for a Sharia compliant portfolio, Lifespan cannot allocate to traditional defensive asset classes such as fixed interest and cash over a certain amount. Therefore, we replaced these asset classes by allocating part of your money to Gold, alternatives, other commodities, REITS and in some cases by having a higher allocation to shares that you would normally have in your portfolio. Lifespan view these assets as Growth assets which are riskier than fixed interest and as such your portfolio will carry a higher risk and experience higher volatility than a standard portfolio for your risk profile.

## What are the significant risks associated with using an MDA service?

- (a) Lifespan Financial Planning will make changes to your investments and exercise corporate actions without seeking your prior authority. We will only make adjustments which are consistent with our understanding of your relevant personal circumstances and the agreed Investment Program. You are bound by our actions and the changes we make to your investments. It is important you understand what you are authorising us to do on your behalf. You should discuss this with us before entering into the MDA Contract if you have any concerns or questions.

- (b) Lifespan Financial Planning's investment decisions may not always be profitable and may at times result in losses for the following reasons:
- i. Investments are subject to various market, currency, economic, political and business risks. These risks may also affect the value of your investments and the return you may receive.
  - ii. Different strategies may carry different levels of risk, depending on the investments that make up the strategy. Investments with the highest long-term returns may also carry the highest level of short-term risk. The level of risk for each person will vary depending on a range of factors, including age, investment time frames where other parts of their wealth are invested; and their risk tolerance.
  - iii. The value of investments and the level of returns will vary. Future returns may differ from past returns. Returns are not guaranteed, and you may lose some of your money.
- (c) The laws affecting MDA services may change in the future.
- (d) There is also a risk that Lifespan Financial Planning's, investment management and investment decisions will not achieve your expectations and needs.
- (e) There are Shari Compliant investments that are put forward as defensive that invest in Sharia Compliant arrangements which are unlisted, unrated and are generally private funding and profit share arrangements between unlisted and unrated businesses. Our view is that these investments are not defensive and carry significant risks which is why we choose not to use them and prefer more traditional growth investments instead even if the portfolios become more volatile.
- (f) The asset allocation may not be in line with your risk profile because your ethical and religious beliefs do not allow us to invest in traditional defensive asset classes such as fixed income and cash above a certain amount. Therefore, the portfolio may be riskier than a standard portfolio for your risk profile.

As a result of these risks, neither Lifespan Financial Planning, nor our Authorised Representative, nor any related or associated person or body corporate guarantees or makes any representations concerning the future performance of the MDA service, any managed funds or securities (shares), the return of capital, any specific level of performance, the success or tax effect of any strategy Lifespan Financial Planning and their Authorised Representatives may use, or the success of Lifespan Financial Planning's overall decisions pursuant to the authority.

### How you will deal with us

We offer a 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 financial adviser. This means that we do not need to contact you before making a change to your investments that is within the scope of the agreed Investment Program.

### How do you know if you require our MDA Services?

Your financial adviser will recommend our MDA Service in a Statement of Advice if they consider it is suitable for you.

### WealthO2

We only invest in financial products that are available through WealthO2 Services Pty Ltd (ABN 20 610 852 456 / AFSL No. 500032) ('WealthO2'). WealthO2 will arrange to hold and administer your investments for you. Therefore, in order to open an MDA Account with Lifespan, you will have to apply to WealthO2 to establish an account with them.

If your Investment Program includes listed securities, then you will need to appoint a broker ('Broker') to execute trades on the relevant financial markets on your behalf.

In selecting WealthO2, a multitude of factors were considered, including but not limited to its independence, experience and qualifications as well as its financial soundness. We looked at their administration systems, the comprehensiveness of their processes, and their ability to provide the services on time. We also considered the quality and timeliness of data that they provide. Another important factor was the cost of services and their competitiveness in the market.

On a regular basis, we will review WealthO2's performance in these areas and other attributes to ensure that they maintain acceptable standards of service delivery to us and our clients and meet any relevant criteria.

### Who prepares the Investment Program?

Your financial adviser will prepare your Investment Program and provide it to you.

The Investment Program will be included in a Statement of Advice (which complies with Division 3 of Part 7.7 and Div 2 of Part 7.7A of the Corporations Act) that will be given to you before you enter into the MDA Contract.

The Investment Program will also contain:

- Information about the nature and scope of the discretions that we will be authorised and required to exercise under the MDA Contract and any investment strategy that is to be applied in exercising those discretions; and
- Information about any significant risks associated with the MDA Contract; and
- The basis on which your adviser considers the MDA Contract to be suitable for you; and
- That the MDA Contract may not be suitable for you if you have provided us with inaccurate or limited information about your relevant personal circumstances, and that the service may not be suitable for you if those circumstances change.

#### Who is responsible for reviewing the Investment Program?

Your adviser will review the suitability of your Investment Program and the MDA Contract at least once every 13 months to ensure that they remain suitable for you. Your adviser will contact you to arrange this review. You can request changes to your Investment Program at any time through your adviser, whose contact details can be found in your Statement of Advice.

#### Do I have to enter into a MDA Contract for Lifespan to provide MDA Services?

Yes. Before Lifespan Financial Planning can provide you with any MDA Services you must first enter into an MDA Contract with us. This MDA Contract will set out the terms and conditions of the MDA Service.

#### How are my investments administered and held?

Lifespan Financial Planning uses WealthO2 and MDA Operator Pty Ltd (ABN 43 609 025 130, Authorisation No. 001237411) ('MDA Operator'), an authorised representative of WealthO2, to administer your MDA Account and provide transaction and reporting services in respect of your MDA Account. WealthO2 and MDA Operator are wholly owned subsidiaries of Finlancer Holding Pty Ltd (ABN 93 603 824 835).

**For non-super investments**, you will be the legal and beneficial owner of the cash, as well as any term deposits and Australian listed assets in your MDA Account. If your Investment Program includes investments in unlisted managed funds, they will be held within your uXchange account. You will be the ultimate beneficial owner, while the legal owner will be the custodian appointed by the responsible entity of uXchange. uXchange Pty Ltd, the administrator and promoter of uXchange, is a related body corporate of WealthO2 and MDA Operator. uXchange Pty Ltd has also been appointed as an authorised representative of WealthO2. All relevant uXchange disclosure documents are available from [uxchange.com.au](http://uxchange.com.au).

**For super investments**, Diversa Trustees Limited (ABN 49 006 421 638 / AFSL 2351 53 / RSE Licence No L0000635) is the trustee ('Trustee') for WealthO2 Super Simplifier, which is a division of the DIY Master Plan ('Plan'). The Plan was established by a trust deed dated 30 April 2007 (as amended from time to time) and provides superannuation products (including accumulation and pension products) to enable you to build your superannuation savings in a transparent and tax effective way.

The Trustee is responsible for managing the Plan and its service providers to ensure that it complies with all legal requirements and operates in the best interests of members. The Trustee has engaged with a number of service providers including the Member Administrator (DIY Master Pty Ltd ABN 41 123 035 245 / AFSL 31 2431) and Investment Administrator (MDA Operator Pty Ltd ABN 43 609 025 130), a corporate representative of WealthO2 Pty Ltd (ABN 93 603 824 / AFSL 500032), to assist in the operation of the Plan.

#### Voting Rights

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.

## Fees and costs associated with the MDA Service

### Consumer Advisory Warning

#### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better services justify higher fees and costs.

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

#### 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 Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged for Lifespan Financial Planning's MDA Service. These fees and costs may be deducted from your investments or the returns on your investment.

Our investment decisions may also have capital gains and income tax consequences for you, depending on your personal circumstances. You should seek advice on the tax implications of your MDA Account.

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

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Fees when your money moves in or out of the MDA Service <sup>1</sup></b>		
Establishment fee The fee to open your MDA Account	Nil	Not applicable
Contribution fee The fee on each amount contributed to your MDA Account	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your MDA Account	Nil	Not applicable
Exit fee The fee to close your MDA Account	Nil	Not applicable
<b>Management costs<sup>2</sup></b>		
MDA Service fee Sometimes referred to as Portfolio Management Fee. The fee for managing your investments in accordance with your investment program.	0.715% This fee is charged on the value of the assets in your MDA Account and will vary depending on which portfolio you invest in. No MDA Service fee will be charged on investments that are managed outside these core portfolios.	This fee is calculated and accrues daily and is payable monthly in arrears from your MDA Account to Lifespan Financial Planning.

Type of fee or cost	Amount <sup>1</sup>	How and when paid														
Estimated indirect costs <sup>2</sup> The fees charged by the managers of the funds in which your MDA Account invests.	These costs range between 0.0 – 4.7%p.a., but will on average be between 0.25% and 1.3%p.a. These estimates include performance fees (when charged).	This fee is reflected in the unit price of the relevant managed fund in which your MDA Account invests.														
Administration fee <sup>2</sup>	<p>The amount of this fee depends on your account balance, as shown in the table below:</p> <p><b>Non-super</b></p> <table><tr><th>Account Balance Tier</th><th>% per annum</th></tr><tr><td>First \$1M</td><td>0.165%</td></tr><tr><td>From \$1M to \$2M</td><td>0.088%</td></tr><tr><td>Amounts over \$2M</td><td>0.000%</td></tr></table> <ul style="list-style-type: none"><li>- Minimum fee per portfolio: \$462 per annum.</li><li>- Fee cap per group: \$2,530 per annum for up to two non-Super accounts.</li></ul> <p><b>Super and Pension (Super Simplifier)</b></p> <table><tr><th>Account Balance Tier</th><th>% per annum</th></tr><tr><td>First \$500,000</td><td>0.385%</td></tr><tr><td>Amounts over \$500,000</td><td>0.000%</td></tr></table> <ul style="list-style-type: none"><li>- Expense recovery estimate 0.03%p.a. capped at \$75p.a..</li><li>- Fee cap per group: \$3,630 per annum for up to six Super accounts.</li></ul>	Account Balance Tier	% per annum	First \$1M	0.165%	From \$1M to \$2M	0.088%	Amounts over \$2M	0.000%	Account Balance Tier	% per annum	First \$500,000	0.385%	Amounts over \$500,000	0.000%	This fee is calculated and accrues daily and is paid monthly in arrears from your MDA Account to MDA Operator.
Account Balance Tier	% per annum															
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1. All fees are shown inclusive of GST, net of reduced input tax credits.

2. Additional fees are payable, such as transaction and operational fees. See the section 'Additional explanation of fees and costs' below for further information about additional fees.

## Additional explanation of fees and costs

The fees and costs for managing your MDA Account will vary depending on the following:

- Whether your investments are in Super or non-Super;
- The portfolio in which you are invested, and
- The amount you invest.

### Administration fee cap

The administration fee cap will generally apply, but MDA Operator retains the ability to reject a request to establish a group at its discretion. Please see the MDA Operator FSG or contact MDA Operator for more information.

### Indirect Costs

If a model portfolio invests in exchange traded funds, listed investment companies or managed investment schemes (managed funds), the investment managers of these products will charge fees (which may include a performance fees) for their services based on the value of your investment (as will the managers of any exchange traded funds, listed investment companies or managed fund in which they invest, and so on.) These indirect costs will vary depending on the portfolio(s) in which your MDA Account invests. They are paid from the assets of each exchange traded fund, listed investment company or managed fund and will be reflected in the share/unit price.

### Adviser Remuneration

The Management costs do not include the fees charged by your financial adviser for their services. Your financial adviser will tell you about their fees in their Financial Services Guide and Statement of Advice.

### Transaction and operational costs

The following transactional and operational costs will be incurred in addition to the management costs shown in the above table:

- **Brokerage for managed funds** - Each time Lifespan Financial Planning buys or sells managed funds in your portfolio, you will be charged 0.11% of the value of the trade, with minimum of \$11 and maximum of \$55.
- **Brokerage for direct share transactions** – Each time Lifespan Financial Planning buys or sells direct shares in your portfolio, you will be charged 0.11% of the value of the trade, with a minimum fee of \$20. This fee may change depending on the broker used. This will be paid from your MDA Account to the stockbroker who arranges the trade at the time of settlement.
- **Buy-sell spread** - If a model portfolio invests in managed investment schemes, there will be a difference between the price paid to acquire the investment and the price for which it could be sold at that time. This is called the buy-sell spread. The estimated buy-sell spread is between 0% and 1.11% of the value of the investment. This means that if \$25,000 is invested in a managed investment scheme, the price paid will be up to \$277.50 more than the investment could be sold for at that time. The buy-sell differential is retained by the investment manager, we do not receive any part of it.

### Fee and cost changes

Our MDA Service fee will be reviewed from time to time. We will provide at least 30 days' notice to you before any increase in fees and costs (other than the buy/sell spread).

WealthO2 and MDA Operator may increase their administrative fees from time to time. They will notify you directly before doing so.

### Example of annual fees and costs of the MDA Service

This table gives an example of how the fees and costs in a Balanced portfolio option for this MDA Service can affect your investment over a one-year period. You should use this table to compare the MDA Service with other MDA services.

Example - Balanced Investment Portfolio within Super*		Balance of \$50,000 with total contributions of \$5,000 during the year
Management costs, comprising:		For the first \$50,000 you have in the MDA service, you will be charged \$716.50 each year comprising:
MDA Service fee:	0.715% p.a.	\$357.50
Administration fee:	0.385% p.a.	\$192.50
Expense recovery estimate:	0.03% p.a.	\$16.50
Indirect costs:	0.30% p.a.	\$150
<b>EQUALS</b> cost of Balanced Investment Portfolio		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of
<b>Total</b>	<b>1.43%</b>	<b>\$716.50 - \$788.15**</b>
		<b>What it costs you will depend on the investment option you choose.</b>

\* The example is illustrative only and includes GST, net of any reduced input tax credits.

\*\* Depending on when the additional contribution was made. In addition, transactional and operational costs will be incurred.

Example - Balanced Investment Portfolio within Non-Super*		Balance of \$200,000 with total contributions of \$5,000 during the year
Management costs, comprising:		For the first \$200,000 you have in the MDA service, you will be charged \$2,492 each year comprising:
MDA Service fee:	0.715% p.a.	\$1430
Administration fee (min fee):	\$462 p.a.	\$462
Indirect costs:	0.30% p.a.	\$600
<b>EQUALS</b> cost of Balanced Investment Portfolio		If you had an investment of \$200,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of
<b>Total</b>	<b>1.25%</b>	<b>\$2,492 - \$2,542.75**</b> <b>What it costs you will depend on the investment option you choose.</b>

\* The example is illustrative only and includes GST, net of any reduced input tax credits.

\*\* Depending on when the additional contribution was made. In addition, transactional and operational costs will be incurred.