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## FINANCIAL SERVICES GUIDE

MARCH 2010

This Financial Services Guide ("FSG") is intended to inform you of certain basic matters relating to our relationship, prior to our providing you with a financial service. The matters covered by the FSG include, who we are, how we can be contacted, what services we are authorised to provide to you, how we (and any other relevant parties) are remunerated, details of any potential conflicts of interest, and details of our internal and external dispute resolution procedures and how you can access them.

You have the right to ask us about our charges, the type of advice we will give you, and what you can do if you have a complaint about our services.

Where we provide you with **Personal Advice**, you will generally be provided with a written **Statement of Advice**. This document will summarise the advice, the basis of the advice, any fees or charges and any potential conflict of interest, & will be given to you on the first occasion that such advice is provided to you.

Where we recommend certain products to you, we are required to provide you with a disclosure document. This may either be a **Product Disclosure Statement ("PDS")** or **Prospectus** depending on the product. These documents set out important information that you need to carefully consider before deciding to invest into a product. This includes the cost of products, risks associated in acquiring those products, and other features of the investment. You should read and consider the PDS or Prospectus for that product before making any decision to invest.

It is intended that this FSG should assist you in determining whether to use any of the services described below.

This FSG has been prepared without taking into account your objectives, financial situation, or needs. As such, it contains **general** advice only.

All key information is set out in this document.

This FSG complies with the Australian Investment and Securities Commission Policy Statements and Class Orders with respect to Managed Discretionary Accounts. ("MDAs").

**1. Who will be providing the financial service to me?**

Your adviser is a representative of Barclay Wells Limited an Australian Financial Services Licensee, Number 235070. Barclay Wells Limited can be contacted as follows:

Barclay Wells Ltd  
PO Box 2007  
Subiaco WA 6904  
Ph: (08) 9382 3200  
Fax: (08) 9388 8042  
E-mail: [info@barclaywells.com](mailto:info@barclaywells.com)

You may also wish to view our company profile at [www.barclaywells.com](http://www.barclaywells.com)

This Financial Services Guide is issued by Barclay Wells Limited March 2010.

References to we, us, or the licensee refer to Barclay Wells Ltd.

**2. What kinds of financial services are you authorised to provide me and what kinds of products do these services relate to?**

Barclay Wells Limited holds an Australian Financial Services Licensee, Number 235070 and is authorised to deal and advise in relation to a range of financial products.

At the present time, we offer the following services:

**Securities-** advising on listed companies and **Initial Public Offerings (“IPOs”)** & the facilitation of trading services through third parties. No disclosure document is required for listed companies, but in the case of an **IPO** you will receive a Company Prospectus outlining the offer.

**Derivatives-** advising on warrants, **exchange traded options (“ETOs”)** & the facilitation of trading services through third parties. Derivatives enable you to utilise a number of strategies either as an enhancement to your existing investments or as products in their own right. You will receive a **PDS** from the trading firm in respect to ETO's. In addition, for both warrants & ETO's you will receive an information booklet from the Australian Securities Exchange (“ASX”).

**Margin lending and cash management trusts-** credit facility & cash facility provided through third party external margin lenders to enable you to borrow against various listed companies & managed investments. This facility allows you to gear, or leverage, your investments and a **PDS** is provided by the margin lender.

**Managed Discretionary Account (MDA) services.**

This is a customised service whereby an individually created portfolio is managed for you by your advisor.

You must receive a Statement of Advice (“**SOA**”) & MDA Terms and Conditions from us before you invest into an MDA.

More information with respect to our MDA accounts is provided below in section 5, including the particular risks of this product.

In connection with the above services, we offer advice as follows:

### **General Advice and Execution Only Transactions**

Unless otherwise arranged with your advisor, or you are considering investing into an MDA account (see below), Barclay Wells Limited provides **General Advice only**.

Clients who receive **general** advice should be aware that such advice does not take into consideration their individual objectives, financial situation, or needs. This includes your ability & willingness to accept the respective risk inherent in a particular investment. Rather, such advice is directed towards the merits or otherwise of a particular financial product in & of itself, especially with respect to other comparable products. When receiving **general** advice you will need to consider if this advice is consistent with your personal circumstances. For example, within the class of speculative stocks, we may favour one stock over another, but in giving such advice we are not taking into account your overall personal situation.

This assessment to receive general advice must be made by you, and if you wish us to assist you to make this assessment you must ask your adviser to provide **personal advice** to you (see below).

If you prefer, you may give us orders to transact on your account without receiving any associated advice from us (**Execution Only Transactions**) In this instance we accept no liability for the outcome of execution only trades as no advice was given.

### **Personal Advice**

If arranged with your advisor, Barclay Wells Limited may provide **Personal Advice**. This advice is given such that it will be applicable to your individual objectives, financial situation, or needs. If you are receiving **personal** advice, however, you are required to provide your adviser with sufficient information to allow them to adequately determine your financial needs and investment objectives.

You have the right not to divulge this information to us, if you do not wish to do so. In that case we are required to warn you about the possible consequences of us not having your full personal information.

When we initially provide personal advice to you we will provide you with a Statement of Advice. The Statement of Advice will set out our advice, the information the advice is based on and full details of any payments we expect to receive in connection with the advice.

In certain circumstances, we may provide subsequent advice over the telephone or by letter without giving you a new Statement of Advice. We may also provide personal advice without giving you a Statement of Advice if the advice relates to investments totalling less than \$15,000 or if we recommend against the acquisition or disposal of a specific financial product. In such circumstances a record of the advice will be retained by us. Within 7 years you may request that a copy of the record of the advice be given to you (unless you have already received a Statement of Advice or other record of the advice). Any such request should be in writing and should be directed to your adviser at the address above.

### ***Who do you act for when you provide financial services to me?***

For all products your adviser will be acting on behalf of Barclay Wells Limited.

Barclay Wells Limited is therefore responsible to you for any advisory services an authorised representative provides.

Your adviser's primary duty is to you.

### **3. *Remuneration of your adviser, Fees payable by you to Barclay Wells Ltd & the calculation of both.***

Your adviser is remunerated by means of a commission or fee split arrangement with Barclay Wells Limited. The adviser/Barclay Wells Limited split ranges from 60/40 to 90/10 respectively. Alternatively some advisers may receive a fixed salary from Barclay Wells Ltd with all fees & commissions generated by them retained by the company. The amount received by the adviser is payable once a month, and the exact amounts of remuneration commission, fees and other benefits payable to Barclay Wells Limited and your adviser will be detailed within your **Statement of Advice**. Alternatively, if you do not expect to receive a Statement of Advice from us you may request further details from us within a reasonable time of receiving this FSG.

From time to time product issuers provide financial support for training. They may also contribute to costs associated with providing seminars and advertising.

Barclay Wells also may receive "soft dollar" assistance from third parties by way of rent assistance or waiver, infrastructure, information technology & administrative support in that amounts that would be usually payable for these services are reduced or waived in return for providing commissions to these organisations.

A detailed description of the Barclay Wells Limited charges for brokerage and fees is set out below.

#### **Equities and Derivatives Transactions**

Barclay Wells Limited uses a number of third party Australian Securities Exchange ("ASX") Member firms to transact its trades, including clearing & settlement services. Barclay Wells Limited receives a rebate of commissions and fees from these firms in the range of 50-70% of the value of the total commissions and fees. Full details of these rebates are provided in the FSG provided by each firm or you may request further details from us within a reasonable time of receiving this FSG.

The directors, officers, agents and employees of Barclay Wells Limited may receive benefits based on the level of commissions or fees charged.

The current minimum for Equity trades is be \$85 or 0.5% of the value of the trade up to a maximum of 1.5% of the value of the trade. For options trades the current minimum is \$85 per trade or 0.5% of the value of the trade up to a maximum of 1.5% of the value of the trade. The exact amounts may be negotiated with your adviser based upon your expected volume of trading.

## **Floats/New Issues/Placements**

From time to time Barclay Wells Limited may be involved with IPO's, placements and other capital market activities across all market sectors. Barclay Wells Limited may receive a handling fee/underwriting fee from the Issuer, generally between 1% and 5% of the amount of funds raised. The exact fee will be disclosed in the documentation relating to the issue. If an issuer offers any other incentive then it will be disclosed to the client, this may include stock and/or options in the company for Barclay Wells Limited, its directors, agents, and employees.

## **Margin Lenders/ Cash Management Providers**

Barclay Wells Limited may receive the following trail commissions:

- Trail on Cash Management Account Balances between 0 -50 basis points
- Margin Lending - Trail on Margin Loan balances may be between 0 - 50 basis points

Full details are provided in the PDS provided by these institutions.

## **Provision of Personal Advice (Non MDA Accounts)**

**For clients who elect to receive personal advice the fees payable for this are subject to negotiation, however this is usually charges on a time basis at the rate of \$330 per hour (or proportion thereof).**

### ***Do any relationships or associations exist which might influence you in providing me with the financial services?***

Barclay Wells Limited is wholly owned by private shareholders. No ownership of Barclay Wells Limited is held by any financial institution. This ownership does not influence the advice or recommendations provided or in any way affect your adviser's access to any financial products for which he is authorised to give advice under the Barclay Wells Limited licence. Any product recommended by your adviser will be chosen solely on the basis of appropriateness for your needs, circumstances and objectives.

Your adviser may have referral arrangements or associations with other financial providers such as accountants.

#### **4. *What should I know about any risks of the financial products or strategies you recommend to me?***

We will explain to you any significant risks of any financial products and strategies we recommend to you. If you do not fully understand the risks you may contact your advisor to explain further.

In the case of **General Advice** this will only relate to the product itself.

In the case of **Personal Advice**, we will also address the appropriateness of this risk to your personal circumstances in the **SOA**.

#### **5. *Managed Discretionary Accounts (MDA) Services***

An MDA is an arrangement whereby you authorise Barclay Wells to operate your account and conduct trading activities on your behalf without prior reference to you for specific transactions.

These activities are subject to the Barclay Wells MDA terms and conditions, which operate in conjunction with a Statement of Advice that specifies the investment strategy to be followed when operating your account and the discretions granted to Barclay Wells. **You must receive both the Statement of Advice and MDA terms and conditions (and sign an acknowledgment of receipt of the same) before the MDA service can be provided.** The SOA will include an investment program that is prepared in accordance with the requirements of Division 3 of Part 7.7 of the Corporations Act.

In the case of equities holdings in MDA's, the custody of your portfolio assets are to be kept by you as part of your CHESSE holdings with the execution and clearing (or margin lending) firm. In the case of derivatives holdings, these will be held in a client segregated account by the clearing and executing firm. **As such, Barclay Wells does not provide custodial or depositary services as part of the MDA service.** With respect to instructions on corporate actions (e.g. proxy voting) and communications relating to financial products instructions may be given to the company by contacting the company on contact details above.

Generally, unless specifically instructed to the contrary by you, Barclay Wells does not take into account labour standards, environmental, social or ethical considerations in the selection, retention or realisation of investments comprising your portfolio assets.

#### **Who is the MDA Service suitable for?**

Generally, the MDA service is only suitable for aggressive investors with a minimum of \$50,000 to invest (however we may make exceptions in specific cases at our discretion). As the service is targeting more aggressive returns you must be able to accept a substantial amount of volatility in the returns and understand that there is the risk of capital loss (unless the strategy is capital guaranteed as outlined in the Statement of Advice).

**Further, no level of return or performance is promised by us.**

#### **Managed Discretionary Account (MDA) Risks**

In general, the risks of the MDA correspond to that of the underlying instruments that is the risks of margin lending (if applicable), derivatives, and share investments. **Particular note should be made of the risks inherent in margin lending and derivatives trading. You should carefully read the relevant Product Disclosure Statements with respect to each of these.**

There are a number of further, specific risks associated with the MDA:

- As we manage a large number of accounts, we may not be able to take advantage of all opportunities in the market consistent with your parameters due to time and liquidity constraints.
- The decisions that we make in respect of your account may result in losses, that is, our judgment with respect to the market may be incorrect.
- Excessive trading on the account may result in us incurring expenses you consider to be unnecessary.
- You will be bound by our trading decisions even if you disagree with them.

To assist in monitoring the operation of your account, frequency of transactions and investment performance electronic reporting is available.

The MDA Statement of Advice will specify the strategy to be followed and the discretions granted to us and contain the following information:

- the nature and scope of the discretions that the operator will be authorised and required to exercise;
- the risks associated with the investment program and the MDA terms and conditions;
- the basis on which the investment program is considered suitable for you and
- warnings about the importance of any limitations relating to the investment program, which you must consider before signing the MDA authority to proceed

You must receive advice that the strategy is suitable for your individual circumstances before establishing the MDA. To the extent that such information is incomplete or inaccurate you need to be aware that the advice as to the suitability of an MDA in general, or the specific strategy outlined in the Statement of Advice, or the level of assets as a percentage of your overall assets invested into the account, may be limited. You also need to be aware that there is the risk of capital loss with the recommended strategy (unless the strategy is of a capital guaranteed nature).

In addition, you need to ensure that if your circumstances materially change the investment strategy still matches your needs and inform us as soon as possible if this is (The Australian Securities & Investment Commission policy dictates that at a minimum the strategy needs to be reviewed once every 12 months, however a change in your circumstances may mean an earlier review is required.)

### **Managed Discretionary Account (MDA) Reporting**

We must report to you in respect of your account on both an ongoing electronic and annual basis. You must have internet access to allow you to access the ongoing reporting relating to your MDA service.

### ***How will I pay for the MDA service?***

### **Barclay Wells MDA Management & Profit Share Fees.**

There is a 2.2% p.a. management fee paid upfront upon the establishment of the MDA based on the net asset value of the account, and charged thereafter on each anniversary of the account. There is also an incentive profit share fee of 22% of the net profits (net of the management fee) p.a. (paid pro rata quarterly in arrears) with a high watermark (incentive fees are only paid once a losing period has been recouped). Alternative arrangements are available by negotiation.

### **Barclay Wells Ltd Statement of Advice**

Ordinarily there will be no fee charged for the Statement of Advice. However, in the case where we have provided you a Statement of Advice and you elect not to proceed with the MDA, a fee of \$550 ( inclusive of GST) will be payable to us. Likewise, upon each annual review of your account (where a Statement of Additional Advice is provided to you) if you elect to not continue with your MDA account, a fee of \$550 (inclusive of GST) will also be payable. Accordingly, if you wish to close your MDA and do not wish to be charged this fee you must inform us of this **prior** to the Statement of Additional Advice being provided to you for your Annual Review.

## **Equities and Derivatives Transactions**

Brokerage will be charged on your **MDA** account as outlined above.

Full details of the brokerage payable will outlined in your **SOA**.

The directors, officers, agents, representatives and employees of Barclay Wells Limited may receive benefits based on the level of brokerage fees.

### **6 Privacy**

We respect your privacy & the privacy of your personal information, which is collected in order to ensure we can properly service your needs.

Our Privacy Policy which explains how we deal with you personal information is available on request from your adviser.

### **7 Giving of Instructions.**

You may give us verbal instruction (either by telephone or in person), electronic communications (such as email or facsimile), or in writing at the address above. Where you give written instructions, we will only act on them once when we have actually received and reviewed your instructions. We also reserve the right to request that your instructions be in writing (whether by email, facsimile, or original as the case may be) or that you clarify any instructions that are unclear. If you are a client of our MDA service we may transact without receiving instructions from you.

### **8. Insurance Arrangements**

Barclay Wells Ltd has professional indemnity (PI) insurance in place which complies with the requirements of section 912B of the Corporations Act. This insurance covers claims in relation to the conduct of representatives/ employees who may have ceased to work for us at the time when a claim is actually made (on the provision that it can be established they actually worked for us at the time when the conduct on which the claim is based occurred).

### **9. Complaints or Concerns?**

If you have any complaint about the service provided to you, you should take the following steps:

1. Contact your adviser and give details about your complaint.
2. If your complaint is not satisfactorily resolved within three working days, please contact Chris Oldfield of Barclay Wells Limited on (08) 9383 3200 or put your complaint in writing and send it to us at PO Box 2007, Subiaco, WA 6904. We will do our best to resolve your complaint quickly and fairly.
3. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Services Complaints. The details are as follows:

Financial Ombudsman\_Service (FOS)  
GPO Box 3, MELBOURNE VIC 3001  
Melbourne VIC 8007  
PH: 1300 78 08 08

The Australian Securities & Investments commission (ASIC) also has a Freecall Infoline on 1300 300 630 which you may use to obtain information regarding complaints and your rights.