

knight

FINANCIAL
ADVISORS

Helping you grow and protect your wealth
so you can focus on enjoying life.

Financial Services Guide

Knight Financial Advisors
Corporate Authorised Representative
(# 285 301) of
NKH Knight Holdings Pty Ltd
AFSL 438 631



This FSG was prepared on 22 June 2020 Version 5.7

Authorised for distribution by NKH Knight Holdings Pty Ltd

Why am I receiving this document?

This Financial Services Guide (FSG) is an important document, which we are required to provide to you. It is designed to assist you in deciding whether to use our services.

It contains information about:

- NKH Knight Holdings (the **Licensee**), Knight Financial Advisors and your Financial Adviser (collectively, **us, we and our**)
- The services offered, their cost, how we are remunerated and our professional indemnity insurance
- Any conflicts of interest which may impact the services we provide
- How we deal with complaints if you are not satisfied with our services.

When we provide you with financial planning services you may receive:

- A Statement of Advice (**SoA**) or Record of Advice (**RoA**) which documents the advice we provide to you
- A Product Disclosure Statement (**PDS**) which explains the products we have recommended
- An annual Fee Disclosure Statement (**FDS**) which documents the fees paid and services you have received in the preceding 12 months.

NKH Knight Holdings Pty Ltd

Knight Financial Advisors is different to many financial planning practices as its wholly owned subsidiary, NKH Knight Holdings Pty Ltd, holds its own Australian Financial Services Licence (#438631).

Knight Financial Advisors provides high quality strategic financial and investment advice. We work with our related entities and joint venture partners to help our clients develop financial plans that align with their life goals and objectives. We then help our clients to act on this advice.

Our team's expert advice covers the following areas: strategic advice preparation, individually designed investment portfolios, life and income protection insurances, superannuation structuring, retirement planning and estate planning.

We help our clients to create wealth and plan for their financial independence.

As Representatives, along with the Licensee, we are required to comply with the obligations of the Corporations Act and the conditions of our licence. This includes the need to have Professional Indemnity insurance in place, which covers us for any errors or mistakes relating to our financial planning services. This insurance meets the Corporations Act and covers the services provided by us and our advisers after they cease working with us provided we have notified the insurer of the claim when it arises and this is done within the relevant policy period.

What services do we provide?

NKH Knight Holdings holds a licence to provide a comprehensive range of advice and dealing services which include:

- Superannuation and SMSF
- Managed Discretionary Account services
- Securities
- Managed investments
- Personal insurance
- Margin lending
- Retirement planning
- Portfolio reviews

These services are provided to both wholesale and retail clients.

Your Financial Adviser

Knight Financial Advisors is a Corporate Authorised Representative under the licence held by NKH Knight Holdings.

Jason Featherby, Peter Farlie, Jovan Cvetkoski, Tammy Stone, Nick Harmer and Joshua Hindle are our authorised representatives (**advisers**) will provide financial services to you through Knight Financial Advisors Pty Ltd. Some of our advisers are shareholders in our business.

We act for you when giving advice and arranging financial products.

The financial advice process

We recognise that the objectives and personal circumstances of each client are different.

What is right for one client may not be right for another.

We will listen to you to understand your objectives and circumstances. We will also ask questions to make sure we address all issues.

We will always provide advice which is in your best interests.

When we first provide advice to you it will be explained thoroughly and documented in a Statement of Advice (SoA) which you can take away and read.

The SoA will explain the basis for the advice, information about remuneration and benefits; any conflict of interest that may affect the advice; and the costs, loss of benefits and other significant consequences of a recommendation to switch between financial products. The cost to you of implementing the advice and any commissions or associations which could influence the advice.

For managed funds and insurance recommendations, we will provide you with a PDS. This contains information to help you understand the product being recommended.

At all times, you are able to contact us and ask questions about the advice and investments recommended.

You can provide instructions to us in writing, via phone or via email/fax. Please note you are responsible for ensuring your instructions do however reach us.

We may provide further advice to you, if you engage us to do so, to keep your plan up to date for changes in your circumstances, as advised by you to us, changes in the law, the economy and financial products.

The further advice we provide will depend on the terms of the Client Services Agreement you sign with us.

Managed Discretionary Account service

We can manage client investment portfolios on a discretionary basis. We do this by directly managing your portfolio. i.e. without seeking your prior consent to each individual transaction. This is called a managed discretionary account (or **MDA**) service. An MDA service enables quick and efficient changes to your investments.

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

The MDA service only allows us, as the investment manager, to make changes to the investments within your account. Part of the service provides for your authority to us to withdraw funds from the account, which is used to settle investments and costs where necessary. No one will have authority to transact on any of your investments held outside the account without your consent.

As part of our MDA service, we will also recommend a suitable Investment Program (which will comply with Div 3 of Part 7.7 and Div 2 of Part 7.7A *Corporations Act 2001 (Cth)*). The Investment Program will explain:

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

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

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

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

Depending on what is best for your circumstances you may hold your MDA investments in your own name or a mix of your own name and held on trust by our recommended platform provider BT Wrap / SuperWrap or IOOF—both of which are managed by us. We will provide you with the BT Wrap/Superwrap or IOOF FSG and PDS if this service is best for you. BT/ IOOF are responsible for holding the investments on trust for you and to carry out administrative functions which feed into our software to enable our report preparation for you.

We will also utilise the services of a broker, for any share transactions, and provide you with their FSG, as applicable.

In addition to our MDA service, if appropriate, we may recommend the **Knight Managed Account Service** that is managed by us with the assistance of Investment Administration Service Pty Limited (**IAS**), which holds its own Australian Financial Services Licence (#284316).

If we recommend you the Knight Managed Account/IAS service we will provide you with their Financial Services Guide.

We are appointed by IAS as the investment manager for their portfolio of investment options. In this situation, it means that we will only invest in financial products that are available through their Managed Account Platform. IAS will arrange to hold your investments on trust for you and will periodically report to you on changes to and the value of your investments.

MDA Contract & Investment Program

You can establish the MDA service by signing the Authority to Proceed at the back of the SoA we provide you as well as the portfolio management agreements. You will need to provide a Power of Attorney and enter into MDA Contract with us, or IAS, as applicable, before we can provide the service to you.

How do you know we will manage your investments appropriately?

We will only recommend an MDA service where it is suitable for you. Once in place, changes will only be made to your investments which are consistent with our understanding of your financial needs, objectives and circumstances. We, or IAS, as applicable, will also comply at all times with the MDA Contract and the Investment Program that is agreed upon with you.

It is important that you immediately inform us of any significant changes to your financial needs, objectives or personal circumstances, otherwise the MDA service may not be suitable for you.

You will have access to on-line reporting for your account. This will allow you to view the transactions undertaken on your behalf and to understand their impact on your account.

Other important information

We will contact you for instructions where action is required on your account, which is outside our authority.

The name and contact details of your administration service provided will be detailed in your MDA contract.

Note that we do not offer the MDA service to all clients.

Fees, how we are paid and who we pay

Your first meeting with us is complimentary and obligation free.

Our fees for financial planning and investment services depend on the type of services we provide to you and are payable to NKH Knight Holdings Pty Ltd.

Jason Featherby & Peter Farlie are directors and together, with the other shareholders of Knight Financial Advisors and NKH Knight Holdings, are owners of the businesses and entitled to the profits they make.

Our advisers are paid an annual salary for the services provided to you. We may also ask you to agree that they receive a share of the fees you pay or the commissions we receive. Our directors may be eligible to receive a performance bonus if they meet pre-set agreed performance indicators and, as owners of the business, a distribution of any profits.

For clients to whom we provided services before 1 July 2014, we may receive a commission from the product issuer (usually at the end of each month or annually). The amount varies depending upon the product, but is in the range of:

- Investment and superannuation— up to 1.1% Incl. GST of the funds invested.
- Investment and superannuation held through a platform – up to 0.66% Incl. GST of the funds invested.
- Insurance— between 5.5% and 33% Incl. GST of the premium you pay.

We may also receive an ongoing commission for these clients during the life of their financial products, which can range between:

- Investment and superannuation– up to 1.1% Incl. GST per annum of the funds invested.
- Investment and superannuation held through a platform – up to 0.66% Incl. GST of the funds invested.
- Insurance– up to 33% Incl. GST per annum of the renewal premium.
- Margin lending– up to 0.55% Incl. GST of the interest payable on your outstanding loan amount.

Plan preparation fee

The Plan Preparation fee includes all initial meetings with you, the time we take to determine our advice and the production of the SOA.

The fee is based on your situation, the scope and complexity of the advice provided to. We charge a fee of between Nil to \$7,700 Incl. GST. We will agree the fee with you at our first meeting.

Plan implementation fee

If you decide to proceed with our advice we may charge a fee for the time we spend assisting you with implementation. We charge a fee of between \$Nil to \$9,900 Incl. GST, depending on the extent of the work required and we will let you know what the fee will be in the SoA.

Note: You will be charged either a Plan Preparation Fee or a Plan Implementation Fee, not both.

Ongoing services fees

Once your investments are established we may meet with you periodically to provide performance reports and update our advice. The updates will consider the economy and market position, the latest investment research, changes in legislation, new products available in the market and any changes to your personal circumstances.

Fees will depend on what ongoing service we provide to you, the complexity of your situation and your requirements. We will charge between Nil up to \$1,100.00 incl. GST per month and/or up to 1.65% Incl. GST of your portfolio value.

Insurance Commissions

If we arrange life insurance for you, we will receive a commission from the insurer with whom we place your insurance. The amount is typically a percentage of the premium (excluding taxes and statutory charges) and is included in the premium quoted to you. From 1 January 2020 there is a cap on initial commissions at 66% including GST.

We will tell you the amounts that we will receive (or if we do not know, the way our remuneration will be calculated) when we advise you about your insurance requirements. This commission is included in the premium for the policy.

Non MDA Brokerage

Brokerage of \$110 incl. GST or 1.1% incl. GST of the total trade value (whichever is the greater) is charged by the broker on each trade we execute on your behalf. We may receive up to 80% incl. GST of the value of the total brokerage paid from the broker.

MDA Fees and Costs

<p style="text-align: center;">Consumer Advisory Warning</p> <p style="text-align: center;">DID YOU KNOW?</p> <p>Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.</p> <p>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).</p> <p style="text-align: center;">You should consider whether the features of an MDA service justify the fees and costs.</p>
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The following explanation and table show the fees and other costs you may be charged for using our MDA service. These will be deducted from your MDA account so it is important to understand their impact on your investments.

Our investment decisions may also have capital gains and income tax consequences for you, depending on your personal circumstances. Your tax adviser will be able to advise you about this.

Fees and Charges for the MDA service offered by us

Share Brokerage - If we recommend you buy or sell shares via Patersons Securities, you will be charged a minimum fee of \$88 incl. GST or up to 1.10% incl. GST of the total value of the trade. Of this Knight Financial Advisors may be paid up to 80% (incl GST) of the total brokerage you pay.

If we recommend you buy or sell shares via Morgans, you will be charged a minimum fee of \$110 incl. GST or up to 1.10% incl. GST of the total value of the trade. Of this Knight Financial Advisors may be paid up to 50% (incl. GST) of the total brokerage you pay.

If we recommend you buy or sell shares via Desktop Broker, you will be charged a minimum fee of \$20 incl GST or up to 1.1% incl. GST of the total value of the trade. Of this Knight Financial Advisors may be paid up to 90% (incl. GST) of the total brokerage you pay.

If we recommend you buy or sell shares via IOOF, you will be charged \$50.23 incl. GST plus a maximum member advice fee of \$110 incl. GST. The member advice fee can be varied but cannot exceed the maximum. In any case Knight Financial Advisors will be paid the member advice fee.

If we recommend you buy or sell shares via CommSec, you will be charged a minimum fee of \$36.85 incl. GST or up to 0.165% incl. GST of the total value of the trade. Of this Knight Financial Advisors retain the gross brokerage less \$36.85.

Managed Fund Transaction Costs – If we recommend you buy or sell managed funds we do not retain any of these transaction costs, they are charged as follows:

BT Wrap / Super Wrap - Flat \$25.30 incl. GST per trade.
 IOOF – no fee as inbuilt in the buy-sell spread in the pricing.

Portfolio Management Fees – we can charge up to 1.65% incl. GST of the value of your portfolio

The below table summarises the above with an example of a \$20,000 transaction value:

Type of Fee or Cost	Amount	How and When Paid
Brokerage on Shares	Patersons: \$220 brokerage – Knight may retain up to 80% incl. GST being up to \$176 Morgans: \$220 brokerage – Knight may retain up to 50% incl. GST being up to \$110 Desktop Broker: \$220 brokerage – Knight may retain up to 90% incl. GST being up to \$180 IOOF: \$160.23 maximum brokerage – Knight retains the member advice fee being \$110 maximum. CommSec: \$36.85 brokerage – Knight retains \$0.	These fees are paid at the time of the trade. They are added to the cost of a purchase or deducted from the proceeds of a sale
Transaction Costs on Managed Funds	All managed funds within the BT Wrap/SuperWrap platform attract a flat fee of \$25.30 per trade (including GST). Knight does not retain any of these costs paid.	These fees are paid at the time of trade.
Portfolio Management Fees	Up to 1.65% (including GST) of the value of your portfolio so this is a maximum of \$330pa based on a portfolio of \$20,000.	Charged on monthly basis from the account

Example of Annual Fees and Costs for the MDA service offered by us

The table below illustrates how the fees and costs of our MDA service can affect your MDA portfolio over a 1 year period. You can use it to compare the service with other investment products.

Example :		Balance of \$50,000 with a contribution of \$5,000 during year
Establishment fee	Nil	On establishing your MDA account you will not be charged an establishment fee.
Contribution fees	Nil	No charges on contributions
Plus MDA portfolio management fee	1.10%	And, for every \$50,000 you have in your investment portfolio you will be charged \$550 each year.

Plus Fund manager fees	0.20%	And, for every \$50,000 you have in your investment portfolio that is invested in managed investment schemes, \$100 will be deducted from the value of those investments each year.
Plus Platform fee –N/A	0.33%	And, for every \$50,000 you have in your investment portfolio, the platform provider will charge you \$165 each year.
Equals Cost of MDA service		If you invested \$50,000 at the beginning of the year and put in an additional \$5,000 during that year, you would be charged fees of \$896.50 plus brokerage fees for every transaction we make on your account.

Fees, Charges and Annual Costs for the Knight Managed Account/IAS MDA Service, managed by us

If we offer you the Knight Managed Account MDA Service that is managed by us with the assistance of IAS we will provide you with IAS's FSG. The Fees, Charges and Annual Costs, for this specific service, will be disclosed to you in their FSG.

Other Benefits

We may also receive additional benefits from some product issuers by way of sponsorship of education seminars, conference or training days. These benefits may change from year to year. Details of any benefits received above \$100 will be maintained on a register, which is available to you on request.

Referral fees

In some situations, the licensee will receive fees or commissions from external parties when we refer you to them. We may receive from them up to 33% incl. GST of their upfront or ongoing remuneration for referring you to them. We will disclose the referral arrangements to you whenever we refer you to an external party.

In some situations we pay fees or commissions to external parties who have referred you to us. We may pay up to 33% incl. GST of our remuneration to them for referring you to us. We may also pay up to 0.33% Incl. GST, of the initial investment amount from fees we receive, to the referrer. These referral fees do not represent an additional cost to you, nor do they affect the performance of your investment or product, or the premiums you pay. We will disclose the referral arrangements to you when we provide you with a SoA.

Conflicts of Interest

Associated Businesses

As part of providing our advice, we may refer you to other businesses in the NKH Knight Group (which provide accounting, tax and SMSF services) or any of its subsidiaries.

These businesses have common ownership with NKH Knight Holdings, Simplex Self-Managed Superannuation and Knight Financial Advisors and are related bodies corporate within the meaning of the Corporations Act, 2001. We may receive a distribution of profits if you use their services.

We may hold investments we discuss

Your advisor may provide general advice on investments, which they, or the director(s) and shareholders of our business, may hold or may hold in their own personal portfolios.

Making a complaint

We endeavour to provide you with the best advice and service at all times.

If you are not satisfied with our services then we encourage you to contact us.

Please call us or put your complaint in writing to our office. We will acknowledge receipt of your complaint immediately and attempt to resolve it within 45 days. Alternatively, contact our AFS Licensee directly.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides fair and independent financial services compliant resolution that is free to consumers.

Website: www.afca.org.au
Email: info@afca.org.au
Telephone: 1800 931 678 (free call)
In writing to: Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

Your Privacy

We are committed to protecting your privacy. We use the information you provide to advise about and assist with your financial affairs.

If you provide personal information to any of our businesses, our other businesses may have access to it. We may also disclose your information to insurers, banks, accountants, external paraplanners, lawyers, professional advisors and other third parties if necessary.

We may also collect information from third parties such as banks, accountants, lawyers, other professional advisors and persons acting on your behalf, for example guardians and people holding power of attorney.

If you don't provide us with full information we request, we can't properly advise or assist you with your financial affairs. We provide your information to financial service providers or other companies with whom you choose to deal (and their representatives) and our related entities. We do not trade, rent or sell your information. We may disclose your information to recipients in the United States of America for the purpose of required transaction notifications (E.g. Form W-8 BEN). We may also store your information in the 'cloud' for the purposes of data storage, file backups and or attending to your affairs. These 'cloud' service providers may be in countries not regulated by laws, which protect your information in the way that is similar to the Privacy Act. If a recipient is not regulated by laws, which protect your information in a way that is similar to the Privacy Act, we will seek your consent before disclosing your information to them. When we recommend a provider to you, we will provide you with their disclosure statement which will outline to you their privacy policy. We will not be accountable for any recipient's breach of Australian privacy laws and you will not be able to seek redress under those laws.

If you request us to provide you with services or monitor your accounts via the internet while you are in the European Union (EU) you will need to provide us with written consent to do so, as you may have different rights while in the EU.

Our Privacy Policy contains more information about how to access and correct the information we hold about you and how to make a privacy related complaint, including how we will deal with it. Ask us for a copy by contacting us.

Contact details

Your Adviser

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Our AFS Licensee

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