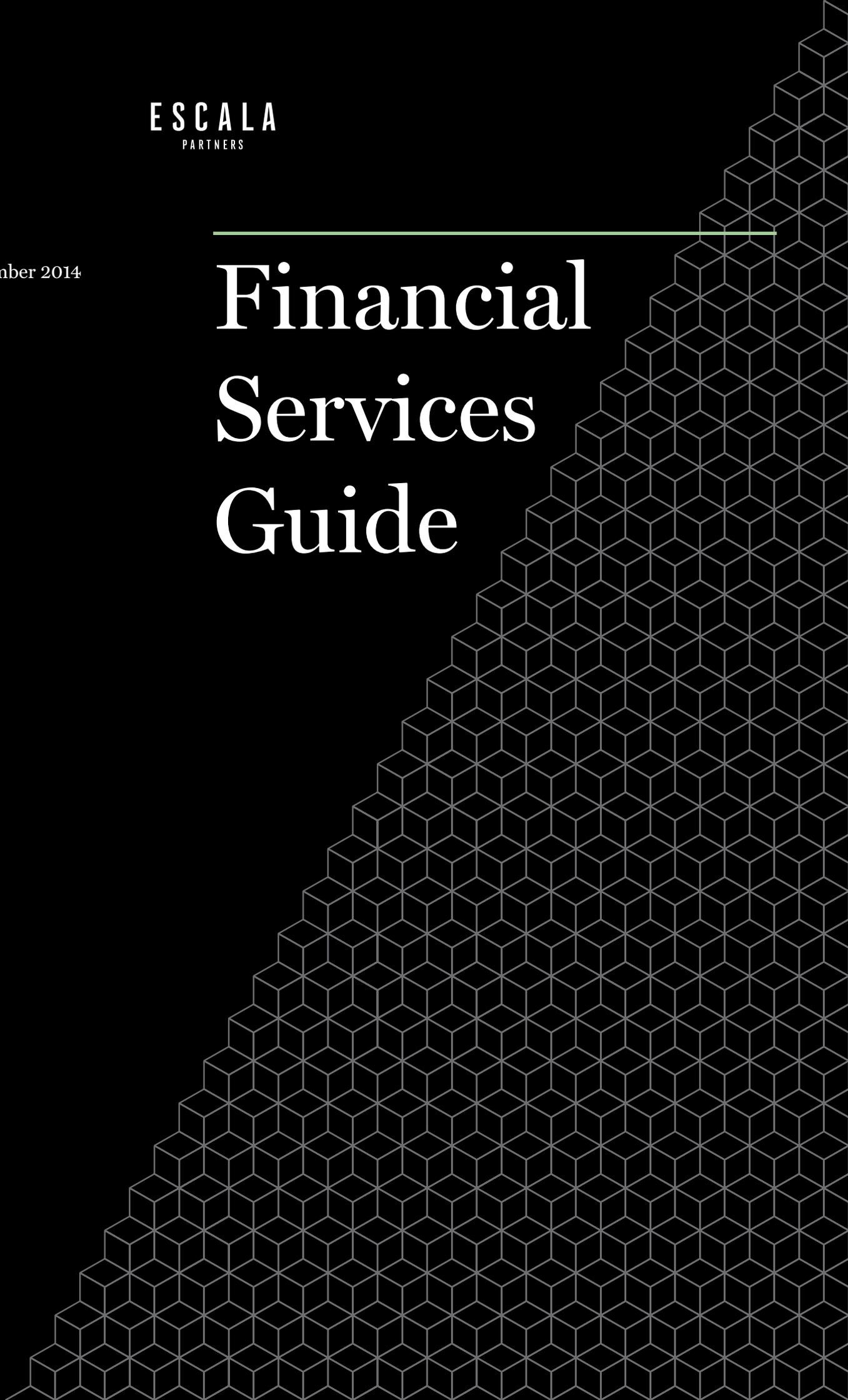


ESCALA
PARTNERS

24 November 2014

Financial Services Guide



Purpose of this Financial Services Guide (FSG)

This Financial Services Guide (**FSG**) is designed to help you make an informed decision about the financial services that we, Escala Partners Limited (**Escala Partners**), a corporate authorised representative of Escala Wealth Management Pty Ltd, provide to our retail clients.

It contains information about who we are, the financial services that we provide, how we and others are remunerated for providing those services and how complaints are dealt with.

Details about the Authorised Representative

Name: Escala Partners Limited (**Escala Partners**)
ACN: 155 884 236

Communication

Contact person: Percival Perry
Address: Level 19
90 Collins Street
Melbourne Victoria 3000
Telephone: 1800 122 121
Email: pep.perry@escalapartners.com.au
Website: escalapartners.com.au

Details about the authorising licensee

The authorising licensee may be contacted as follows –

Name: Escala Wealth Management Pty Ltd (**Escala Wealth**)
ACN: 162 573 828
AFSL: 456207

Communication

Contact person: Percival Perry
Address: Level 19
90 Collins Street
Melbourne Victoria 3000
Telephone: 1800 122 121
Email: pep.perry@escalapartners.com.au
Website: escalapartners.com.au

Escala Wealth have authorised us to distribute this FSG to our retail clients.



Date and currency of this FSG

This FSG applies from July 2014 and remains valid unless another FSG is issued to replace it. If we give you a supplementary FSG, or other document relating to our products or services, they will not replace this FSG. However, please read them carefully.

What financial products and services does Escala provide?

We are able to provide advice and implement our recommendations using these products –

- securities
- derivatives
- managed investments, including investor directed portfolio services
- standard margin lending facilities
- basic deposit products
- non-basic deposit products
- debentures, stocks or bonds issued or proposed to be issued by a government
- superannuation
- foreign exchange contracts

Who can Escala act for when providing financial services?

When providing financial services we act on behalf of our clients and are responsible to you for our advisory services.

How can you instruct Escala?

You may provide your instructions in person, by email, or by telephone.



How do you pay for Escala's services?

Depending on the services you require and the fee arrangement you prefer, we charge a funds under advice (FUA) fee, or a transaction fee for each transaction or a combination of both.

The FUA fee will be between 0% to 2.2% per annum, the transaction fee will be between 0% and 2.2% of the transaction value.

A FUA fee, paid quarterly in arrears, is based on the average daily market value of assets under advice, calculated at the end of each quarter. Your FUA fee can be paid personally or paid to Escala by your platform provider under a power of attorney.

A transaction based fee (brokerage) is charged when we arrange to buy or sell assets on your behalf. Brokerage is calculated as a percentage of the transaction price of up to a maximum of 2.2% of the transaction price. Brokerage is added to the purchase cost or subtracted from sales proceeds and collected by the executing broker. The executing broker retains part of the brokerage charged and pays the balance to Escala.

We may receive a continuing periodic commission ("trailing commissions") from issuers of financial products or services we have arranged for you, for example a margin loan or cash management account. The fee Escala Partners is paid depends on the value and type of financial product you purchase or access. Bank account, cash management and Margin loan trail commissions are paid by the product issuer and may be shared with Powerwrap Limited (ABN 67 129 756 850, AFSL 329 829) (**Powerwrap**).

If you invest in a managed fund we may receive commissions and or fees paid by the issuer, which differ between products and issuer, but are disclosed in the relevant PDS. We disclose the fee if we provide you advice regarding the managed fund.

Where Escala provides you advice regarding a portfolio you hold through a wrap account, we may receive a FUA fee of up to 1.0% per annum from the fee you pay the wrap account provider.

The fees and commissions you pay will be set out in the Statement of Advice. We do not charge a fee for preparing a Statement of Advice.

You have the right to request further information about these fees and commissions.

We may assist you in a range of investment processes, including investing in Initial Public Offerings, participating in placements, corporate actions, or provide services for which a stamping fee is paid. In these circumstances we may be paid by the product issuer a fee for assisting and or introducing you to the investment opportunity. These fees if any are disclosed in the relevant PDS, offer document or prospectus.

There have been a number of recent legal reforms relating to the banning of volume based upfront and trailing remuneration (including commissions) for financial advisers. We will not pay or collect any commissions, fees or other benefits if they are prohibited by law.

Advisor remuneration

Your advisor is paid a salary by Escala Partners and does not receive a share of fees Escala Partners charge.

Does Escala have relationships with other businesses that might influence the provision of financial services to you?

Escala Wealth, the authorising licensee is a wholly owned subsidiary of Escala Partners.

Escala Partners has appointed Powerwrap to provide it with administrative, operational, execution, accounting and compliance services.

Escala Partners (and associates of Escala Partners including Directors and employees) hold the option to acquire shares in Powerwrap.

Powerwrap is the Responsible Entity of the Powerwrap Investment Account service, a registered managed investment scheme and Escala Partners has agreed to use the Powerwrap Investment Account service.

Powerwrap is also the parent company for MWH Capital Pty Ltd (AFSL 338141) who arrange to execute any transactions listed on Australian Securities Exchange Limited (**ASX**) and Chi-X Australia Pty Ltd (Chi-X) for Escala Partners.



Will Escala's advice be suitable to my needs and financial circumstances?

Our advice will be either Personal Advice or General Advice.

Personal Advice takes into account your individual financial objectives, strategies and needs while General Advice does not.

You will need to consider whether General Advice suits your requirements. We will give you a General Advice Warning to alert you to the implications of receiving General Advice.

If you are classified as a Retail Client, and we provide you with Personal Advice, we will give you a Statement of Advice (**SOA**). The SOA will set out our advice, the basis on which we give that advice and details of any relationships, associations, remuneration and other interests that may have influenced our advice, together with our fees for implementing our advice.

We will implement our recommendations only once you have authorised us to proceed.

We will prepare a Record of Advice (**ROA**) on each occasion that we provide you with investment advice, whether or not we arrange for a consequent transaction on your account.

The ROA sets out the basis on which our advice has been given and takes into account any material changes to your circumstances since the previous ROA. If your circumstances change to a material extent we will issue a new SOA to you. We will provide a copy of your

Record of Advice without cost to you on request at any time for a period of 7 years from the date our advice is given.

Escala will generally advise you to hold your advised assets on a platform, which may include a service provided by Powerwrap. Where a platform service is recommended you will receive a Product Disclosure Statement prepared by the platform provider.

We will ask you to confirm the accuracy of the personal information we hold about you each year. You can advise us at any time, if your circumstances change earlier than our request.

Complaints

We have established procedures to deal with any complaint you may have about our services.

Please contact your advisor and provide the details of your complaint.

We will acknowledge receiving your complaint and assign an appropriate person to investigate the circumstances and propose a resolution.

If we are not able to resolve your complaint within 45 days we will advise you in writing. If you are not satisfied with your complaint resolution you may also bring your complaint to the attention of Financial Ombudsman Service Ltd (**FOS**) whose details are:

Financial Ombudsman Service
GPO Box 3
Melbourne Victoria 3000

T 1300 780 808
F (03) 9613 6399
W www.fos.gov.au

If you remain unsatisfied with our response to a complaint, you are also at all times able to pursue the matter with ASIC. ASIC also has an Info line on 1300 300 630 which you may use to make a complaint and obtain information about investor rights.



Professional indemnity insurance

Escala Partners has in place Professional Indemnity Insurance which Escala Partners and considers is adequate to meet the requirements of section 912B of the Corporations Act (relating to retail client compensation arrangements) having regard to: the volume and types of business carried on by it, the number and types of its clients, the number of its representatives; and

- any particular or potential claims that may arise pursuant to our participation in external dispute resolution schemes, including the FOS scheme.

The Professional Indemnity Insurance will cover claims in relation to the conduct of the representatives/employees who no longer work for Escala Partners but who were representatives/employees of Escala Partners.

Privacy

The privacy of your personal information is important to us.

We collect information about you during the course of providing our financial services to you and may need to disclose this information to others in the course of providing those services. Examples include superannuation trustees, third party service providers, product issuers, and disclosure to regulatory bodies under legal obligations.

Our privacy policy is available on our website at www.escalapartners.com.au and we can arrange a hard copy for you upon request.

