



WEALTH MANAGEMENT THAT REVOLVES AROUND YOU

Guide to Fees

WHAT IS OUR FEE PHILOSOPHY?

We simply seek a fair return for our expertise and the assurance our service brings. Nothing more. Nothing less.

We recognise that it's a competitive industry. And so our fees are broadly in line with other groups that provide a similar service, or which bundle together similar services.

WHAT FEES WILL I PAY?

First Samuel receives fees for the following services:

- **Wealth Strategy Advice** – an initial fee (may be waived) and a fixed annual fee for the wealth strategy advice that we provide you
- **Investment Management** – a percentage of the funds we manage for you for individual investment management and tailored administration
- **Administration Services** – an annual fee for the provision of record keeping, taxation statements, and custody services.

WEALTH STRATEGY ADVICE

Initial Meeting

Our initial meeting is cost and obligation free. It's a chance for us to better understand your needs and for you to better understand our services.

Initial Advice

If you wish to receive advice, and we agree to provide it, we will send you a Letter of Engagement (LoE) that sets out the scope of the advice, the areas to be addressed and a firm quote based on the estimated preparation time. Once this is agreed, we will commence preparation of your advice.

Our initial advice will look at your current circumstances and what you'd like to achieve, and then advise you on the best way to get there. This process takes into account the wide range of regulatory, market and investment constraints along with the right opportunities to create the best strategy for you.

The scope of this advice will vary and will be driven by your needs. Fees will be invoiced when your Wealth Strategy Advice is presented and are payable within 30 days. If you subsequently appoint us as your wealth manager, this fee may be waived.

Ongoing advice

It is important to regularly review and update your wealth strategy so that you are taking advantage of the various strategies that might

be available to you at different stages in your life, when government regulations or your circumstances change.

Our wealth strategy advice fee is a fixed fee per annum and will depend on your needs and the complexity of your situation.

We will agree with you in advance the fee that will apply. By way of example, the average wealth strategy fee is \$7,250 p.a. (inclusive of GST).

Wealth Strategy Advice outside of our normal range of services, for example to wholesale clients, is generally charged at \$465 per hour (inclusive of GST).

INVESTMENT MANAGEMENT

Our Investment Management Fee is charged for the individual investment management and administration of your investments. Our individual investment management includes portfolio design, construction, securities buying and selling, ongoing management, tax management, etc.

The Investment Management Fee you pay depends upon the total market value of your assets invested with us.

ADMINISTRATION SERVICE

Our tailored administration service includes individual record keeping of securities, trades, capital gains tax management and recording, securities verification, daily, quarterly and annual reporting, independent accountant's audit certificate, etc.

It also includes the preparation of annual taxation statements and the provision of custody services, including as required in the delivery of our tailored MDA service.

The fee you pay is calculated in various components based on the services we provide to you, the total market value of the assets we provide service on, whether those assets are managed by us or not, and the number and type of transactions that are undertaken.

Details of fees payable are shown overleaf.

PROVIDING CLARITY

ASIC

The Australian Securities and Investment Commission.

The government body that regulates our industry.

LoE

Letter of Engagement.

A letter that sets out the scope of initial Wealth Strategy Advice. It outlines what issues we would address in the Statement of Advice (SoA).

MDA

Managed Discretionary Account.

The way we manage investments. You provide us with this 'discretion' to manage your investments.

MDA Services

The term used by ASIC to describe our MDA offering.

MDA Contract

The legal agreement between us that documents our obligations to each other in our provision of MDA Services to you.

SoA

Statement of Advice.

A document that provides strategic and/or investment advice relating to your personal circumstances.

INVESTMENT MANAGEMENT FEE

The Investment Management Fee you pay depends upon the total market value of your assets invested with us, as follows:

Fees when your money moves in and out of our Managed Discretionary Account Service	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil*

Investment Management Fee (% p.a.)	Fee	GST	Total
First \$1m of investments	1.60%	0.16%	1.76%
Next \$4m of investments	1.25%	0.13%	1.38%
Amounts greater than \$5m**	1.15%	0.12%	1.27%

* If you terminate your contract within 12 months of the contract date a minimum fee of \$10,000 shall apply

** Fee negotiable for amounts over \$10m

ADMINISTRATION SERVICE FEES

The Administration Service fee you pay contains a base and variable amount depending on the market value of your assets and their type, whether those assets are managed or 'non-managed' and the number of transactions which occur.

Fee Basis & Amount	Explanation
<p>Account keeping fee – \$550 per annum for each account, plus:</p> <ul style="list-style-type: none"> 0.044% p.a. for assets* managed by First Samuel, or 0.22% p.a. for assets* administered but not under First Samuel's investment management service ('non managed' assets). <p>Plus:</p> <ul style="list-style-type: none"> \$8.00 per transaction for each transaction conducted on your account. 	<p>These fees relate to the provision of custody and record keeping services of your investments, the preparation of annual taxation statements, and administrative services, in relation to the registration, settlement and administration of your investments. As part of its service First Samuel engages Platas Group Pty Ltd (ABN 82 608 080 968) for administration and registry services and FinClear Execution Ltd (ABN 56 061 751 102) (FinClear) to provide settlement and clearing services. FinClear is an Australian fintech company providing trading infrastructure, and services. FinClear is a Market Participant on each of the Australian Securities' Exchange, Chi-X Australia and National Stock Exchange of Australia. The costs associated with these services are borne by First Samuel and recovered as part of our administration costs to you.</p>

* Including cash.

FEES PAYABLE TO OTHERS

There are a number of other fees and costs associated with the efficient management of your investments, as detailed below.

Fee Basis & Amount	Explanation
Brokerage charged by stockbrokers Generally, about 0.33% of the value of a trade.	This is the fee charged by a stockbroker to execute trades on your behalf. We use a panel of 'institutional' stockbrokers, thereby generally having the lowest possible fee commensurate with our standards for trade execution, service, stock research and broader market research.
Other charges Depends upon the type of charge.	<p>You must pay all government or other charges, levies or extraordinary costs incurred by us or others under your MDA Contract.</p> <p>If you utilise a margin lending facility as part of the MDA Services, then you are responsible for payment of all fees, interest and charges incurred with respect to that facility.</p> <p>If you ask an employee of First Samuel to act as a trustee, executor or director for you in their capacity as an employee of First Samuel, then a fee of \$465 per hour applies.</p> <p>If, with your agreement, we engage outside specialists on your behalf, then you must pay their costs.</p>

GOODS & SERVICES TAX (GST)

GST will be charged where applicable. All fees include GST, unless otherwise stated.

EXAMPLE OF FEES AND COST OF OUR SERVICE

The table on page 4 gives an example of how the fees and costs of our service might apply to you.

DO YOU RECEIVE OR PAY COMMISSIONS? ARE THERE ANY HIDDEN COSTS?

We believe in complete transparency in our dealings with our clients. All fees and costs will be clearly disclosed in your Letter of Engagement (LoE), Statement of Advice (SoA) and/or Managed Discretionary Account (MDA) Contract.

We believe that paying or receiving commissions when parties are in a fiduciary relationship is unethical.

We choose our suppliers based on their ability to meet your needs, not on their ability to pay us commissions. And so we will not accept any payment from a third party in respect of the service we provide to you. We do, however, receive services from third party Investment Research services and other providers under agreements, paid for by our broking service providers – UBS Securities Australia Limited (UBS), Macquarie Securities (Australia) Limited (Macquarie) and Barrenjoey Markets Pty Ltd (Barrenjoey). Payment for these services does not pass to or via First Samuel. UBS, Macquarie and Barrenjoey use a commission sharing model to determine First Samuel's entitlement to procure such services. These services are wholly used to assist and support our investment research team in managing our clients' portfolios. We do not otherwise receive any form of commission or benefits from others.

In the same way that we choose our suppliers on their merit, we expect to be chosen on our ability to meet your needs, not on our ability to pay commissions. Hence, we do not pay commissions to accountants, lawyers or others who may act in a fiduciary or professional capacity for you.

HOW CAN I COMPARE FEES?

Our fees are generally less than a bundling of similar services from a financial adviser, investment management service (either managed funds or discretionary) and investment administration service (such as a wrap account or 'platform').

When comparing our fees to others you should consider all fees and costs that may apply under other services. And also compare the benefits and value that you are receiving for those fees.

WHEN DO I START TO PAY FEES?

First Samuel will not charge for any preliminary meetings and you are not liable for any fees until you have confirmed (in writing) that you wish to proceed with a Statement of Advice (SoA). You will not be liable for any Wealth Management Fees until you have signed an MDA Contract.

We start charging Investment Management Fees and Administration Service Fees when we have control over the assets that are subject to the MDA contract. This may mean that we start charging this fee before we start investing for you, for example, if we have to undertake work to transition your investments (rolling over assets, re-registering incorrectly registered securities, undertaking CGT reconstructions, redeeming inappropriate investments, etc.). The reasons we do this are a) it is fair that we receive a fee for services that we perform for you and b) we may be liable for errors that occur during transition.

Some complex portfolios may take several weeks for transition to be completed.

For 'non managed assets' we will only charge our Administration Service Fees when you transfer assets into our custody or ask us to start providing services on those assets.

HOW ARE YOUR FEES CALCULATED AND CHARGED?

The Investment Management Fee is calculated based on the average market value of the assets in your portfolio each month, calculated daily. We will aggregate the value of your portfolio(s) and those of your partner and any dependent children for fee calculation purposes. This may allow you to benefit from the tiering of our Investment Management Fee.

The Strategic Advice Fee is based on an estimated number of hours of strategic advice work (on average) per annum. Should you utilise more than these hours per annum (on average) we reserve the right to charge additional fees subject to prior notification. This fee is charged in equal monthly instalments and is indexed to CPI annually in June each year.

Administration Service Fees are calculated and payable monthly in arrears.

WHAT IS YOUR MINIMUM INVESTMENT AMOUNT?

We generally have a minimum investment amount of \$1,000,000. We may vary this minimum amount and the fees we charge under certain circumstances.

We would be pleased to discuss these with you.

CAN YOU ADMINISTER MY OTHER ASSETS?

Where you ask us to administer assets listed on an exchange that we do not manage or select ourselves ('non managed assets'), we charge only our Administration Service Fees on those assets.

Examples of non-managed assets, include investment properties, legacy investments, works of art, etc. where we collect income, undertake transactions or otherwise provide a service such as taxation reporting or custody. Non managed assets are not subject to the annual independent audit of your investments, unless held in our custody.

WHAT HAPPENS IF I TERMINATE YOUR SERVICES?

If either party wishes to terminate the MDA Contract then two days notice in writing must be given.

For assisting in managing and administering your investments during this transition period we will charge the Administration Service Fee for up to 30 days based on the total market value of the portfolio as at the date of receipt of notice of termination. We shall continue to charge an Administration Service Fee beyond 30 days until your investments have been transferred to alternative arrangements. We will provide you with whatever assistance is reasonably required to complete the transfer.

If you terminate the MDA Contract within 12 months of the contract date a minimum total fee of \$10,000 shall apply.

ARE THE FEES FOR THE INVESTMENT MANAGEMENT SERVICE TAX DEDUCTIBLE?

First Samuel's ongoing fees are generally tax deductible. However, we recommend you seek advice from your accountant.

EXAMPLE OF FEES AND COST OF OUR SERVICE

The table below gives an example of how the fees and costs of our service can affect your investments over a one-year period. You may be able to use this information to compare our service with other providers.

Example ¹		Balance of \$1,000,000 and contributions of \$25,000 during the year ²
Contribution fee	Nil	For every \$25,000 you invest, you will not be charged any contribution fees.
Investment Management Fee ³	1.76%	For the first \$1m invested you will be charged \$17,600 each year.
Wealth Strategy Advice Fee	\$7,250 p.a.	Annual Wealth Strategy Advice Fee depends on clients' needs.
Administration Services Fees ⁴	\$1,758.00 p.a.	\$550 plus 0.044% of Funds under management and \$8.00 per transaction.
Equals cost of service ⁵		If you had an investment of \$1,000,000 at the beginning of the year and contributed \$25,000 on the last day of the year, you will be charged \$26,608.00.

- 1 This is an example only and does not take into account any movements in the value of investments over the course of the year. It does not include the costs charged by any external service providers such as stockbrokers.
- 2 This example assumes the extra \$25,000 contribution is made on the last day of the year so that the Investment Management Fee and Administration Service Fee is only incurred on the \$1 million of investments.
- 3 Assumes all investments are in Australian shares.
- 4 This example assumes that under First Samuel's discretion, an average of 8 transactions per month occur during the year as part of the active management of the account. This is an estimate of the number of trades that may occur in a year, the actual number will depend on a variety of factors relating to individual investment opportunity and market volatility, it will also vary between clients based on their individual investment program needs. All funds are managed by First Samuel.
- 5 Additional fees & expenses may apply, depending on your needs and circumstances.

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.

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) has a managed investment fee calculator that may help you check out different fee options.



First Samuel Limited

ABN 51 086 243 567 AFSL 225 405

Level 16, 500 Collins Street, Melbourne VIC 3000

T +61 3 8610 9222 **F** +61 3 8610 9299 **E** mail@firstsamuel.com.au
www.firstsamuel.com.au