

Financial Services Guide



A guide
to our
conversations
and advice

10 October 2016

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Australian Financial Services Licence (AFSL) and Australian Credit Licence No. 233714
Westpac Place Level 20, 275 Kent Street Sydney NSW 2000

Thanks for
having this
conversation

We're looking forward to working with you

This Financial Services Guide (FSG) is designed to help you decide if the financial services we offer are right for you. It's the start of what we hope will be a rewarding relationship. We want you to understand what you can expect from BT Advice and from your BT Adviser.

It includes information about:

- > what services and products we are authorised to provide
- > what documents you may receive from us depending on the advice you receive, such as a Statement of Advice or a Product Disclosure Statement
- > BT Advice and the Westpac Group
- > what remuneration is paid to a BT Adviser, Westpac and any other associated person
- > how we collect and use your personal information, and
- > how to contact us and what to do if you have a complaint.

As you're reading, be aware that all references made to 'BT Advice', 'we', 'us' and 'our' refer to the Westpac Banking Corporation (Westpac) as the providing entity of the advice. BT Advisers are representatives of Westpac.

Find out more about Westpac and its related companies (Westpac Group) on page 6.

Our service promise to our customers is outlined in 'Our Advice Commitment' which can be found at bt.com.au.

What services do we provide?

Westpac is authorised to provide various financial services including financial product advice (general and personal advice) and deal in financial products including:

- > deposit and payment products
- > derivatives
- > foreign exchange contracts
- > general insurance
- > government debentures, stocks or bonds
- > life insurance
- > interests in managed investment schemes
- > investor directed portfolio services
- > retirement savings accounts
- > securities
- > standard margin lending facilities, and
- > superannuation.

If you need advice about particular credit products, we'll refer you to an authorised specialist within Westpac. Your BT Adviser won't receive any payments for these products.

SERVICES PROVIDED

Through our conversations with you, we provide professional advice to help you make informed decisions.

You have the flexibility to choose the level of service you want. This might include:

General advice

on topics including investments, insurance and superannuation. This does not take into account your objectives, financial situation and needs (personal circumstances).

Personal advice

on your complete financial situation, or on limited areas you require advice on, based on your personal circumstances.

In general, when we provide financial services, we act on our own behalf. However, when we provide general advice on certain superannuation products and the trustee of the superannuation fund is part of the Westpac Group, we may act on the trustee's behalf.

BT Advisers may be limited in the areas in which they can provide general or personal advice to you. Your BT Adviser will tell you which areas they can advise you on. If you need advice on an area outside your BT Adviser's authorisation, you may be referred to a specialist for assistance.

What does the personal advice process involve?

Great personal advice can only come from collaboration and understanding. To develop appropriate financial strategies for you, we need to be across what you want to achieve and what's important to you. Our conversations cover your personal circumstances.

This page outlines the personal advice process. This process does not apply if you receive general advice.

1

We'll get to know you

- > What's important to you and your family?
- > Where are you now? What are your most urgent needs?
- > What would you like to achieve in the future?
- > What's your current investment experience and attitude?

2

We'll explore your options

- > We assess your situation and investigate options that may be appropriate for you.

We'll create a plan for you to consider

- > There are quite a few financial advice strategies we could present to you, but yours will be tailored to your circumstances and the type of personal advice you've asked to receive.

3

We'll put your plan into action

- > The idea is to make it as easy for you as possible, so we do all the legwork for you, including:
 - setting up new investments or transferring existing ones
 - rolling over your superannuation accounts
 - establishing regular investment or superannuation contributions
 - establishing insurance policies.

We'll keep you informed

- > Getting your plan up and running may take some time, depending on the complexity of your situation. We'll make sure you know how the process is going.

4

We'll help keep you on track

- > We can provide you with ongoing advice which gives you confidence that your plan can adapt with you.

We can regularly review your plan

- > Depending on your ongoing advice service, you might want to meet with us once or twice a year to review your plan based on changes to your situation and the market.

We keep the communication going

- > The BT Advice team will stay in touch. They'll provide relevant information and market commentary that may be of interest.

PERSONAL ADVICE PROCESS

What documents will you receive?

Personal advice documents

When we give you personal advice, we'll document that advice in a Statement of Advice (SoA).

Your SoA will include:

- > your personal circumstances
- > our areas of advice
- > our recommendations, including the basis of our advice and why it is appropriate, and
- > information about the remuneration, commissions, other benefits and associations that may influence our advice.

When we provide further advice, it may be documented in either a SoA or a Record of Advice (RoA). To obtain a copy of your SoA or RoA, just contact your BT Adviser. It will be available for seven years after the date on which the advice is provided.

Product disclosure documents

When your BT Adviser recommends a financial product, the Adviser will give you a Product Disclosure Statement (PDS) or other relevant disclosure document. These documents contain information about the financial product, including its key features, fees, benefits and risks. They will help you make an informed decision about the product.

You can contact us regarding this FSG, our service or to provide instructions using the phone number or email address your BT Adviser provides.

Alternatively, you can contact us by:

- > calling us on 132 135, or
- > visiting our website at bt.com.au.

How to contact us?

DOCUMENTATION
CONTACT US

How do we
select the
products we
recommend?

Internal and external experts provide financial product research, which is used to carefully select and maintain an extensive list of approved products for BT Advisers to choose from. We conduct due diligence on external experts that provide us with research.

Some products on the Approved Product List (APL) are issued by Westpac or other Westpac Group companies, as well as companies external to the Westpac Group.

When providing personal advice, we'll only recommend a product if we're satisfied it's in your best interests, and it is appropriate for you. In doing so, we'll conduct a reasonable investigation into products, depending on your personal circumstances, which may include investigating and recommending products which are not on the APL.

PRODUCT SELECTION

About the Westpac Group

The Westpac Group is made up of a number of companies that provide financial services including banking, funds management, insurance, superannuation, credit services, investments and portfolio administration services.

The Westpac Group includes Advance Asset Management Limited, Asgard Capital Management Limited (Asgard), Ascalon Capital Managers Limited, St.George Life Limited, BT Funds Management Limited, BT Portfolio Services Ltd, BT Securities Limited, BT (Queensland) Pty. Limited, Westpac, Westpac Life Insurance Services Limited, Westpac Securities Administration Limited, Westpac General Insurance Limited, Westpac Securities Limited, Westpac Financial Services Ltd, Hastings Funds Management Limited and other entities bearing the Westpac, St.George, Bank of Melbourne, BankSA, BT (other than BT Investment Management Ltd) and Asgard names (collectively referred to as the Westpac Group). BT Investment Management Ltd (BTIM) refers to BTIM and its subsidiaries. Westpac is a shareholder in BTIM, however BTIM is not a related body corporate of Westpac.

The Westpac Group provides a range of products and services in banking, insurance, financial markets and international products. Financial Services Guides for these other products and services are available from the relevant Westpac Group company website.

We are regulated by the Australian Prudential Regulation Authority (APRA). As an APRA regulated entity, we are exempt from the compensation requirements in the *Corporations Act 2001*. We nonetheless have professional indemnity insurance, which provides cover for claims that relate to the financial services that we and our representatives provide.

WESTPAC GROUP
INDEMNITY INSURANCE

What are the fees?

SoA preparation fee

Based on the complexity of your personal advice and the time it takes us to prepare your SoA.

We will agree this fee with you prior to starting work.

Implementation fee

Based on a percentage of your investment portfolio's value or may be charged as a flat fee based on the complexity of the personal advice being implemented.

We will disclose this fee in your SoA or RoA.

Ongoing advice fee

Based on whether you choose to receive ongoing personal advice.

This fee may be a flat fee (from \$1,000 per year) or a percentage (generally up to 1%) of your investment portfolio's value.

One-off advice fee

Based on the time it takes to provide you with personal advice.

From \$200 per hour.

Other transactions

Based on other assistance you may need with transactions outside your initial or ongoing personal advice services, or other transactions arising from your general advice. Generally no more than \$550 per transaction. We will agree this fee with you prior to starting work.

Please note that the above mentioned fees are inclusive of GST.

FEES

What remuneration does the Westpac Group receive?

Westpac Group companies may also benefit from other roles they perform when a product or service is provided to you. When this occurs, you'll find details of these fees or benefits and how they are calculated in the relevant PDS or other disclosure document your BT Adviser provides.

Certain companies within the Westpac Group are product providers which design, develop, issue and provide financial products and services that your BT Adviser may recommend. These companies may receive product fees or other remuneration if you acquire their products.

Investment products

For investment products, there may be initial or ongoing fees, which may include:

- > entry fees
- > management fees
- > transaction fees
- > account-keeping fees
- > performance based fees
- > exit fees
- > margins (the difference between what you pay for a financial product and what it costs Westpac to issue it to you), and
- > any other fees specified in the PDS or other disclosure document for the particular product or service.

These fees are generally calculated as a percentage of the value of your investment and are paid out of your funds invested in the product or the money you use to acquire the product.

Insurance products

The Westpac Group's life insurer will receive premiums if you take out life insurance with them.

Insurance premiums and fees are usually payable annually or monthly and depend upon a range of factors including how much insurance you take out.

These fees and premiums will be explained in the PDS or other disclosure document for the product provided to you at the time of receiving advice.

How are BT Advisers and referrers paid?

If you've been referred to us by an individual or a company within, or outside, the Westpac Group, we may pay the referrer a fee of up to 100% of our fees (in the case of other Westpac Group companies), a percentage of the total amount invested or a flat fee.

Where we refer you to a third party (such as a stockbroker) we may receive a referral fee being either a flat fee or a percentage of the fee you pay that third party. Any fee of this type will be disclosed at the time of referral.

As employees, BT Advisers are paid a salary and superannuation. Upon meeting professional and compliance standards they may also receive:

- > additional benefits that may be in the form of further payments, based on performance against financial and non-financial objectives, and
- > benefits in the form of Westpac shares issued based on the performance of the Westpac Group as a whole.

If your BT Adviser is entitled to an additional payment, it may be up to a maximum of 53% of the personal advice fees or other remuneration BT Advice receives from you. If you decide to obtain personal advice, your SoA or RoA includes a calculation of the amount of advice fees or other payments your BT Adviser may receive.

Your BT Adviser may also receive non-financial benefits if they meet certain performance targets. These are valued at under \$300 and might be gift vouchers, tickets to sporting events or invitations to social events. BT Advice keeps a register of any benefits received with a value between \$100 and \$300, any other benefits relating to information technology software or support provided by a product issuer or any education and training benefits. To see this register, just ask your BT Adviser.

Remuneration and benefits

If your BT Adviser provides personal advice on specific financial products, the Adviser will let you know details of remuneration (including commission) or other benefits that the Adviser, Westpac, the Westpac Group or any other associated person may receive as a result of our advice (remuneration or benefits).

If the remuneration or benefits can be calculated at the time you receive personal advice, your BT Adviser will let you know of the amounts then or as soon as possible. If they can't be calculated when you receive personal advice, your BT Adviser will show you an example of the calculation.

If your BT Adviser provides general advice and the remuneration or benefits can't be calculated before you receive this advice, your BT Adviser will provide you with general information about the remuneration or benefits and how these amounts will be calculated. If you require further information, you may request additional details within a reasonable time after the FSG is given and before you receive any general advice.

BT ADVISER AND REFERRER PAYMENTS

What product commissions may be received?

Investment Products

We may receive initial and ongoing commissions from product providers, for products under an arrangement that began before 1 July 2013, and where you made an investment before 1 July 2014.

These commissions are paid to us by the provider of the product we have recommended and are included in the fees you pay for the product or the interest rate charged (in the case of a margin loan). They are based on the amount of funds you invest or the size of the margin loan you take out.

Licensee commissions received from product providers

Some product providers pay a licensee commission to Westpac and its related companies based on the total funds invested in their products, borrowed using their products or insurance premiums paid for their insurance products, through BT Advisers. BT Advisers don't receive any part of these payments.

Details of these are captured in the following pages.

Life Insurance Products

Initial or ongoing commissions from insurance providers may be received by BT Advice. These commissions are paid to BT Advice by the company that issues the product we have recommended and they are included in the fees and premiums you pay for the product. The commissions vary and are based on the premium that you pay.

Depending on the product you purchase, BT Advice may receive between 0% and 140% of the annual premium as an initial commission and between 0% and 38.5% pa of the annual premium for ongoing commission.

An initial commission is a one-off payment paid by the product issuer to BT Advice. Ongoing commissions are payments paid by product issuers to us for as long as you hold the product and while we continue to act for you.

Example

A BT Adviser recommends an insurance product to you. The annual premium is \$450. BT Advice may receive up to \$630 as an initial commission and may pass up to \$630 to the BT Adviser. Assuming the premium stays the same each year, BT Advice may receive up to \$173.25 pa as an ongoing commission and may pass up to \$173.25 pa to the BT Adviser. All amounts quoted above are exclusive of GST.

You'll find details of how your insurance premium is calculated in the relevant PDS that your BT Adviser provides you. You'll also find details of the commission that BT Advice and your BT Adviser are entitled to receive, if you decide to purchase a life insurance product, in your SoA or RoA when personal advice is given.

LICENSEE COMMISSIONS

Licensee commissions that may be payable

The product provider may pay Westpac certain commissions if the arrangement existed between the product provider and Westpac before 1 July 2013, and you made an investment before 1 July 2014.

This commission amount is included in the fees you pay for the portfolio administration service. The actual amount of the commission paid to Westpac will vary depending on the total funds of all our customers invested through the portfolio administration services.

Where you invest through:

- > BT Portfolio Wrap
- > BT Portfolio SuperWrap
- > BT Private Wrap
- > BT Private SuperWrap
- > BT Platinum Wealth Wrap
- > BT Platinum Wealth SuperWrap.

BT Portfolio Services Ltd (BTPS) may pay Westpac a commission of up to 0.57% (excl. GST) of the funds invested in the portfolio administration service (excluding amounts in the Wrap cash account) that relate to advice provided by a BT Adviser, calculated at the end of each month.

Where you invest through:

- > BT Portfolio Wrap
- > BT Portfolio SuperWrap
- > BT Private Wrap
- > BT Private SuperWrap
- > BT Platinum Wealth Wrap
- > BT Platinum Wealth SuperWrap.

BTPS may pay an additional commission to Westpac of an amount equal to 0.25% (excl. GST) of the balance of your Wrap cash account, calculated at the end of each month. This amount is paid by the product provider out of the cash account fee you pay to them.

For example

If, at the end of a month, the amount of \$100,000 has been invested in the portfolio administration service known as BT Portfolio Wrap as a result of financial services provided by BT Advice, and a further \$10,000 is in the Wrap cash account, Westpac may receive up to \$570 (0.57% (excl. GST) of the \$100,000 invested), as well as an additional \$25 (0.25% (excl. GST) of the balance of the cash account).

Licensee commissions that may be payable (continued)

Where you invest through:

- > BT Foundation Portfolio Wrap
- > BT Foundation Portfolio SuperWrap
- > BT Wrap Essentials
- > BT SuperWrap Essentials.

BTPS, the product provider, may pay Westpac a commission of up to 0.55% (excl. GST) of the funds invested in the portfolio administration service (excluding amounts in the Wrap cash account) that relate to advice provided by a BT Adviser, calculated at the end of each month.

For example

If, at the end of a month, \$100,000 has been invested in the portfolio administration service known as BT Foundation Portfolio Wrap as a result of financial services provided by BT Advice, Westpac may receive up to \$550 (excl. GST).

Where you invest through:

- > Asgard eWRAP Investment
- > Asgard eWRAP Super/Pension
- > Asgard Master Trust.

Asgard, the product provider, may pay Westpac a commission of up to 50% (excl. GST) of their net administration fees, based on the total amount of funds Westpac has with Asgard.

For example

On an account balance of \$100,000 in Asgard eWRAP Investment, the administration fee charged is \$880. Asgard currently pays Westpac up to \$440 (excl. GST) in total each year.

Life insurance volume bonus payments

BT Advice has an arrangement with Westpac Group's life insurer to pay licensee commissions based on the volume of sales. These licensee commissions received by BT Advice are not passed on to your BT Adviser.

Currently, BT Advice may receive 10% (excl. GST) of your initial premium as a licensee commission. For example, if your insurance premium is \$450, BT Advice may receive \$45 from the life insurer.

Advantage Investment Series

Where you invest through:

- > BT Portfolio Wrap
- > BT Portfolio SuperWrap
- > BT Private Wrap
- > BT Private SuperWrap, or
- > any other approved Wrap or SuperWrap products (Wrap Product) into certain investment funds (known as the 'Advantage Investment Series').

For example

If, during the month, the average of the opening and closing balances of your investment in the relevant Advantage Investment Series funds via a Wrap Product is \$100,000, and assuming an average MER across the relevant Advantage Investment Series funds of 2.00% (excl. GST), BTPS may receive a monthly commission of up to \$68.33. Of this amount, you may receive a monthly rebate of up to \$8.30 and Westpac may receive a monthly commission of up to \$14. All amounts quoted above are exclusive of GST.

A Fund Manager Payment (FMP) may be paid by the relevant fund manager to BTPS where the fund manager had an arrangement in place with BTPS before 1 July 2013 and you made an initial investment before 1 July 2014.

If you make additional investments into the same Advantage Investment Series fund as the initial investment, the FMP also applies to the additional amounts you invest.

The total FMP is up to 41% of the Management Expense Ratio (MER) that applies to the relevant funds, multiplied by the amount you've invested in those funds. It is calculated monthly on the average opening and closing balances in the Advantage Investment Series fund you hold. Your BT Adviser can tell you which funds qualify for this payment.

Your rebates

A portion of the FMP is rebated to you, and a portion is retained as commission by Westpac and by BTPS. Your monthly rebate is up to 0.0083% (excl. GST) of the average balance you've invested in the relevant Advantage Investment Series funds for the month. It will be paid monthly into your Cash Account, identified as the 'Wrap Advantage fee rebate'.

Westpac may receive a monthly commission of up to 0.014% (excl. GST) of the average of the balance you've invested in the relevant Advantage Investment Series funds for the month. BTPS will receive the balance of the total FMP (after the rebate to you and the payment to Westpac).

Preferred Partners

Westpac or a Westpac Group company receives fees from fund managers it selects as preferred partners if those arrangements were made before 1 July 2013. To be selected as a preferred partner these fund managers must meet certain quality hurdles (such as investment fund performance). Preferred partners may be given the opportunity to promote the benefit of their managed funds to Westpac Group representatives, including BT Advisers and other advisers who use the Asgard and BT products.

If you made an investment before 1 July 2014, Westpac or a Westpac Group company receives up to 17% (excl. GST) of the management fee received by preferred partners in respect of funds under administration on their products through the Asgard products. The total amount of fees received depends on all relevant circumstances, including amounts that flow into the funds and which remain under administration. These fees are paid to Westpac or a Westpac Group company and not the BT Advisers.

Your BT Adviser may or may not recommend preferred partners' products depending on your particular circumstances and receives no fees under the preferred partner arrangements. Westpac or a Westpac Group company retains 100% of the fees it receives from its preferred partners. Please note that fund managers in general may pay rebates to Asgard. When this happens, Asgard passes on 100% directly to you.

For example

If you invested \$50,000 into a preferred partner's product via the Asgard product and the management fee charged by the preferred partner is 1% (excl. GST) per year, the preferred partner may pay up to \$85 per year to Westpac or a Westpac Group company.

What is our Privacy Statement?

Why we collect your personal information

We collect personal information from you, including sensitive information like health details, to provide you with products and services including financial advice.

We may also use your information to comply with legislative or regulatory requirements in any jurisdiction, prevent fraud, crime or other activity that may cause harm in relation to our products or services, and help us run our business. If you don't provide all the information we request, we may not be able to provide you with a product or service, including financial advice.

Collecting and disclosing your personal information

We may disclose your personal information to other members of the Westpac Group, anyone we engage to do something on our behalf such as a service provider, and other organisations that assist us with our business. We may also disclose your personal information to third parties such as a complaints body to whom a complaint relating to a product or service is referred, your past and present employers, any party acquiring an interest in our business and anyone acting on your behalf.

We may also collect from the parties listed above any personal information they may hold about you which relates to our provision of financial advice. We may disclose your personal information to an entity which is located outside Australia. Details of the countries where the overseas recipients are likely to be located are in the BT Privacy Policy.

As a provider of financial services, we have obligations to disclose some personal information to government agencies and regulators in Australia, and in some cases offshore. We are not able to ensure that foreign government agencies or regulators will comply with Australian privacy laws, although they may have their own privacy laws. By using our products or services, you consent to these disclosures.

We are also required, pursuant to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) and its corresponding rules and regulations to implement certain customer identification processes. We may be required to obtain information about you at the time of providing financial services to you and from time to time in order to meet our legal obligations. We have certain reporting obligations pursuant to the AML/CTF Act, and information obtained from or about you may be provided to external third parties and regulators in accordance with the requirements imposed on us.

Our Privacy Statement (continued)

Who authorises us to collect this information?

We are required or authorised to collect personal information from you by certain laws.

Details of these laws are in the BT Privacy Policy which you can get at bt.com.au/privacy or by calling 132 135.

It covers:

- > how you can access the personal information we hold about you and ask for it to be corrected
- > how you may complain about a breach of the *Privacy Act 1988* (Cth), or a registered privacy code and how we will deal with your complaint, and
- > how we collect, hold, use and disclose your personal information in more detail.

Marketing communications

We will use your personal information to contact you or send you information about other products and services offered by the Westpac Group or its preferred suppliers. If you don't want to receive marketing communications from us please call 132 135.

We update the BT Privacy Policy from time to time.

If you provide information about another individual you must let them know, and also share the contents of this Privacy Statement.

What if
you have a
complaint?

1

Contact your BT Adviser.

2

If your BT Adviser can't resolve your concern, contact Advice Complaints.

Write to: National Manager Advice Complaints
GPO Box 5265 Sydney NSW 2001

Phone: 1300 130 206

Fax: 1300 655 858

Email: btadvicecomplaints@btfinancialgroup.com

3

If you're still not satisfied, contact the Financial Ombudsman Service (FOS), an independent dispute-resolution process for financial services complaints.

Write to: Financial Ombudsman Service
GPO Box 3 Melbourne VIC 3001

Email: info@fos.org.au

Visit: fos.org.au

Phone: 1800 367 287

COMPLAINTS PROCESS

Yes, I have
received
this Financial
Services
Guide

I confirm that my BT Adviser has given me a copy of the BT Advice Financial Services Guide dated 10 October 2016.

Print Customer Name

Customer Signature

Print Customer Name

Customer Signature

Date

BT Adviser Signature

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ACKNOWLEDGEMENT

