A Clear Direction Financial Planning

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What do you get from the Portfolio Management Service?

A Powerful Investment Solution

Our number one priority is to build and manage effective client portfolios.

The basic value of our portfolio service is this - by systematically exposing an investment portfolio to small and value companies in a scientifically rigorous manner we build portfolios with a higher expected return than the average market return. This is a powerful proposition, as time and time again research shows how hard it is to achieve an above market index return.

The portfolio management service distils years of investment research from financial economists into multi-asset class portfolio solutions that work for you. Please click the following link to find out more information about these solutions.

An Ongoing Relationship with Financial Professionals

The most fundamental aspect of our professionalism is this - we are not owned by any financial service firm. We do not accept commissions from any financial products. Neither of these factors can influence our recommendations. That puts us in a minority of the financial services industry - less than 5% of financial planners operate this way.

You work with experienced, tertiary qualified professionals, whose focus is improving your financial position. Our clients are people who understand the value of quality advice and solutions, and are motivated toward improving their financial position.

Peace of Mind that you are Progressing Financially

Putting in place a plan is one thing. Having the discipline to focus on that plan, and not get distracted, is another. We work with clients to set financial goals, and then to work together to meet those goals.

Staying on course means dealing thoughtfully and strategically with portfolio opportunities. For example, if share markets fell tomorrow by 20% many people would panic and sell out. Thoughtful investors will recognise the opportunity lower priced investment opportunities provide, and build their portfolio.

We work with you to get beyond the emotional reaction of panic selling, to making thoughtful and strategic decisions.

An Acknowledgement that Fees Matter

Keeping investment fees low is an important input to being successful financially.

While we don't compromise on important items like research, professional development and professional indemnity insurance, we keep business overheads as low as we can to keep our fee levels moderate. Our aim is to provide a high value, moderate fee service.

We prefer to charge a flat annual fee capped at $4,400 per annum (GST inclusive). We believe that setting an annual dollar based fee removes any hint of bias in the financial planning and investment advice given to clients.

However we also understand that this level of fee may be unsustainable for clients with smaller portfolio balances. We therefore also offer an asset based fee. The maximum fee we charge you is 0.55% of your overall portfolio value. This falls as the portfolio value increases. By overall portfolio value we mean all the investments that are managed by us, including investment, superannuation and pension accounts, for you as an individual or couple. The benchmark we most commonly see for fees for both commission based planners and independent financial planners is 1% a year.

We receive a rebate from the portfolio administration service that we use of around 50% of their fee. Unlike most financial planning firms we rebate this fee to you - it more than halves this cost for many clients!

The investment trusts that form the building blocks of our portfolios - that are both scientifically rigorous and historically successful - have an average cost of only 0.37% (based on a typical portfolio with 60% growth assets).

Our asset based fee scales for managing these investments are set out in the table below:

Portfolio Range	Fee (inclusive of GST)
0 - $500,000	0.55%
$500,001 -	0.20%

These fees are effective as of the 14th of August 2007.

This fee is capped at a maximum of $4,400 per annum (GST inclusive).

NB - There will also be investment manager and administration service costs that need to be taken into account to provide a picture of the total costs involved with investing using our approach. These costs are dependent on individual client needs and preferences.

We have listed the value of the service already, but it is a fair question to ask what do we actually do for clients?

There are six levels to what we do.

LEVEL 1: Regular portfolio reviews - this includes:

- A comprehensive face-to-face or conference call review of your entire financial situation at the end of each year.
- Individualised portfolio reviews throughout the year

These portfolio reviews are generally about keeping you on track, and checking your progress over time. For instance we will be complete a review based on income by August each year, after the major income payments have been received in portfolios.

LEVEL 2: Contact from time to time - we recognise that financial questions pop up all through the year, and you are always free to get in touch to discuss this. There is no extra cost involved with this contact.

LEVEL 3: Portfolio Maintenance - we regularly review and monitor your portfolio, and take responsibility for administration issues such as cash transfers, asset allocation, pension payments and regular investments. Not just every 3 or 6 months but as issues arise.

LEVEL 4: Professional development and maintaining relationships - this is crucial. You can be confident that we are spending time keeping up to date with financial planning strategy and investment management theory. We also spend time meeting the guidelines that Dimensional - a key partner for us - have to remain approved financial planners.

LEVEL 5: Client Seminars & Teleconferences - through the course of the year we like to hold opportunities for clients to gather together to hear about recent developments and ask questions. In previous years we have held seminars and teleconferences regarding the federal budget and discussion of and our response to current market developments.

LEVEL 6: Receipt of our "Quick Notes to Keep in Contact" letters - containing up to date commentary on the financial world and the investments used by our clients.

To provide an insight into what these letters and other pieces of communication have included, over the past few years we have had the following points of contact with clients:

May 2011 - Provided clients with our 2011 Budget – Personal Finance Summary.

April 2011 – Sent a quick note to clients looking at the Japanese Quake aftermath for the world economy, the latest SPIVA data, Bloomberg's report on broker recommendations, learnings from the Norwegian sovereign wealth fund, how to recognise and avoid investment risks, a review of SSGA's small companies ETF.

October 2010 – Sent a quick note to clients looking at the return of growth in company returns, the relationship between Q Super & Dimensional, U Bank's offering for SMSFs, a review of AREITS, a review of SSGA's High Yield ETF, our thoughts on the QRN float and whether it would kill you to own fewer shares.

May 2010 - Provided clients with our 2010 Budget – Personal Finance Summary.

March 2010 – Sent a quick note to clients looking at the prevailing economic situation and how our investment philosophy sits with that context along with a review of investment markets.

October 2009 – Sent a quick note to clients looking at the MENSA investment story, comparing performance of selected investments against Q Super, Vanguard's Index Chart, why not to invest in Heritage's 10% notes, a review of Dimensional's 5 Year Diversified Fixed Interest Trust and an article suggesting that this time is not different a.

June 2009 - Sent an email to clients providing a link to an interesting online presentation by Dimensional looking at the current climate and discussing "What should investors do now?".

May 2009 - Provided clients with our 2008 Budget – Personal Finance Summary.

May 2009 - Sent an email to clients providing an update including discussion of the current market climate, income levels from asset classes, discussion of whether it is time to tighten household expenditure budgets, outlining end of financial year considerations, a discussion of investment alternatives under consideration and an update on our client referral program partnership with KIVA.

February 2009 - Sent a quick note looking at decade by decade investment returns and economic growth, comments on the company reporting season to date and looking at fixed interest strategies going forward.

January 2009- Sent a quick note looking at risk and investment markets along with two interesting articles, one looking at the failure of economic forecasters and the other looking at the best allocation of funds going forward.

January 2009- Sent a further book to all clients looking at the philosophy we use as the basis for investment portfolios.

December 2008 - Sent a book to all clients looking at the philosophy of using index funds as the basis for investment portfolios.

December 2008 - Sent a letter to all clients providing a research report looking at the benefit of Australian share income over time.

November 2008 - Sent an email to all clients providing a quick market update discussing three major factors weighing on share markets and why we continue to recommend holding investments in shares.

Late October 2008 - Sent an email to all clients providing a link to a useful presentation looking at the question of whether it is different this time.

October 2008 - In conjunction with our September quarter portfolio reviews we discussed the four major problems facing markets along with a discussion of the government guarantee of deposits and discussion of an article written by Warren Buffett.

Late September 2008 - Discussion of the following topics - market commentary, our investment philosophy, Macquarie Bank and our approach to reduce costs of the business and in turn costs for clients. Followed up with client meetings and teleconferences to discuss current market developments.

Mid September 2008 - Sent an email to all clients in response to the collapse of Lehman Brothers outlining our recommended response by clients.

Early September 2008 - Discussion of the following topics - performance for the quarter so far including the impact of the fall in the Aussie dollar, look at earnings growth following the annual reporting season, an article produced by Dimensional looking at how their trusts had held up over the year ending June 30, Vanguard's Australian Share market Volatility Chart, an article looking at past quotes regarding "unprecedented" events that tested investor confidence and an update of our referral program and KIVA lending.

August 2008 – In conjunction with the sending of the annual portfolio income reports, we discussed whether we should be using unlisted assets in portfolios along with a brief market commentary.

July 2008 - Discussion of the following topics - scenario planning if the share market were to fall a further 30%, expert stock picks and their subsequent performance, and commentary on investment performance within portfolios.

June 2008 - Discussion of the following topics - recent broker consensus reports on the Australian share market, Vanguard's quarterly report on investment markets, what else you could be investing in and why we were not recommending these products, a number of articles looking at our investment approach, upcoming income distributions, 3 booklets produced by Vanguard on realistic share market expectations, index investing and investing for income, and implementation of our fee reduction program.