

Pareto Capital  
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Australian Financial Services Licence: 389395

## Financial Services Guide

This Financial Services Guide (FSG) is an important document which we are required to give you under the requirements of our Australian Financial Services Licence. It provides you with information about Pareto Capital Pty Ltd ("Pareto") to help you decide whether to use the financial services we provide. This FSG explains the services we can offer to you and the types of products we offer. It also explains how we (and other related persons) are remunerated for these services, and includes details of our internal and external complaints handling procedures and how you can access them. Pareto authorises the distribution of this FSG.

If you choose to use our services you may also receive from us a Product Disclosure Statement (PDS), Statement of Advice (SOA) and/or Record of Advice (ROA).

To invest in any of our recommended financial products you must complete the application form attached to the relevant PDS. The PDS contains information about the particular product and will assist you in making an informed decision about that product.

If we provide you with personal financial product advice rather than general financial product advice we will initially provide you with an SOA. Personal financial product advice is advice that takes into account one or more of your objectives, financial situation and needs. The SOA will contain the advice, the basis on which it is given and information about fees, commissions and any associations which may have influenced the advice.

On an ongoing basis, an ROA will be recorded instead of an SOA, if there have been no significant changes in your personal circumstances or the basis of the advice has not significantly changed since your last SOA was provided. You have the right to request a copy of your ROA at any time, for a period of 7 years from the date you received the advice.

We will not provide advice on classes of financial products other than those identified in the Pareto Licence.

Pareto is responsible for the advice provided and services offered to clients by a Representative of Pareto.

### Who Are We?

Established in 2011, Pareto is the holder of an Australian Financial Services Licence and offers a range of financial products and services that challenge traditional investment boundaries and offer diverse capabilities.

Pareto is a Western Australian based group of qualified advisers with over 30 years of combined experience. We have clients all over Australia who are using our experience to create wealth.

We offer fundraising assistance to corporate clients seeking growth in the microcap and junior sectors of the share market. This focus creates investment opportunities suited to professional investors looking for growth.

Our firm is a privately owned enterprise that has created strong alliances within the investment community. Our aim is to create long term investor and shareholder value.

Pareto Capital's services include the sourcing of capital for Companies and the creation of investment opportunities for professional investors. We assist with

Venture Capital, IPO's and Placements, corporate advisory and consultancy services.

Pareto offers an IPO service to Retail and Wholesale investors. Subscribers to this free service will receive details of the investment including a product disclosure statement (if applicable) along with the important details of any offer. **This is not an advisory service and all members to this service must consult their own financial advisor to determine the suitability of any potential investment.**

These speculative style investments are often highly sought after due to their high risk and high reward potential. Such investments can be financially lucrative, particularly in the microcap and junior sectors of the market however they can also prove extremely difficult to source, particularly during buoyant periods.

We are committed to facilitating high quality advice and continued excellence in our service to you.

### **Why Are We Different?**

Unlike some AFS Licencees, we are not obligated to any financial institution, bank or insurance company. We are free to recommend products that we feel best suit our clients' needs. We offer a service level dependent on our individual client's requirements.

Our firm is a private enterprise that has created strong alliances within the investment community to create long term investor and shareholder value.

### **What Do We Offer?**

Some of our services include:

- Sourcing or providing capital for early stage or junior Companies.
- Assisting in the 'IPO' process by providing capital and marketing services.
- Identifying investment opportunities for wholesale and sophisticated investors.
- Providing corporate advisory services.
- Advising on and sourcing new projects for existing companies.
- Communications Management and all marketing activities for listed Companies.
- Coordination of Investor Presentations and Roadshows.
- Ongoing Corporate Advisory Services
- IPO Service to members
- Execution and advisory services
- Portfolio Administration Services

### **What Are Our Authorisations?**

Pareto Capital is authorised to provide the following services under its Australian Financial Services Licence to:

- (a) provide financial product advice for the following classes of financial products:
  - Deposit and payment products limited to, basic deposit products.
  - Derivatives; and
  - Securities
  
- (b) deal in a financial product by:
  - Issuing, applying for, or acquiring, varying or disposing of a financial product in respect of the following classes of financial products
    - Derivatives
  
  - Applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
    - Deposit and payment products limited to basic deposit products
    - Derivatives; and
    - Securities; and

To retail and Wholesale clients.

### **Who are our Advisers?**

Our Advisers are Representatives under Pareto's Licence #389395. Details of our Advisers, their Qualifications are set out at the end of this document.

To the extent that we authorise a Pareto representative to do so, the representative can help you to apply for the financial products referred to in this FSG and can also give you financial product advice in relation to them.

If a Pareto representative is unable to provide you with a financial service or a financial product that you are interested in, the representative may refer you to another representative who can.

### **What Will We Not Do?**

We will not provide advice on products that are not on our Approved Products List. Your adviser does not have authority to advise on products that are not Pareto approved.

We will not provide advice on classes of financial products other than those identified in Pareto's AFS Licence/ or detailed above.

### **What Do We Expect From You?**

We expect that you will provide us with accurate information that we request so that we have a reasonable basis on which to provide you with advice.

We expect that you will use our advice to enable you to make informed financial decisions.

We expect that where appropriate you inform your adviser of any changes that may influence your future objectives.

As a financial service provider, we have an obligation under the Anti Money Laundering and Counter Terrorism Finance Act to verify your identity and the source of any funds. This means that we will ask you to present identification documents such as passports and driver's licence. We will also retain copies of this information. We assure you that this information will be held securely. We cannot provide you with services if you are unwilling to provide this information.

#### **Corporate Fees or underwriting fees**

Where you apply for Financial Products in an Initial Public Offering, placement or other form of capital raising through Pareto, there will be no brokerage or fees charged to you on the transaction by Pareto. We will however receive handling fees/ or underwriting fees from the issuer. Fees received may be in the form of cash or shares, options, or other financial product or a combination of the aforementioned. The fees paid by the issuer will be disclosed in the documentation relating to the issue. If Pareto receives any incentive then it will be disclosed to the client at the time of making the offer.

#### ***Example***

*If you apply for \$100,000 worth of shares in a Placement and the issuer is paying Pareto a fee of 6% (Excluding GST), Pareto will receive \$6000*

#### **Brokerage**

Brokerage rates for on market transactions will be agreed between the client and the advisor prior to the provision of services. These rates may vary dependent on the size and frequency of transactions. As an indication we may receive up to 2.2% (GST inclusive) of the amount invested for transactions on an approved Stock Exchange.

Full disclosure of all fees will be contained in the Statement of Advice that we prepare for you. The actual fees charged will be detailed in your trade confirmation for on market transactions and for corporate offerings, detailed in the letter of offer we will issue to you.

#### ***Example***

*If you purchase \$100,000 worth shares on the ASX and brokerage is charged at 2.2% (inclusive of GST), you will be charged \$2200 on your trade confirmation. Of this \$2200, Etrade deducts its fee for execution and settlement of the transaction, the balance is paid to Pareto.*

#### **Derivatives**

Brokerage for derivatives transactions will be agreed between the client and the advisor. These rates may vary dependent on the size and frequency of transactions. If buying standard derivative contracts, or if selling, contracts written. The minimum charge for derivatives transactions is \$100 plus GST per transaction, up to a premium consideration of \$10000, thereafter brokerage rates are as

agreed with your advisor.

**Example**

*If you purchase 10 contracts of a BHP Call option at \$0.50 cents per contract, your premium consideration will be 10 x (1000 lots per contract) = \$5000. The minimum brokerage charge of \$100 applies to all premium consideration up to a threshold of \$10000. Based on this example above you will be charged \$100, Etrade deducts its fee for execution and settlement of the transaction and the balance is paid to Pareto.*

**Cash Management Trail commission**

Where you have cash management account linked to your share account, the provider may pay Pareto a trail commission. The fee is typically about .275% per annum of the amount invested.

**Example**

*If you invest \$10000 into a Cash Management Facility and the funds remain on deposit for the full year, the Cash Management facility provider may pay Pareto \$27.50 per annum. Any trail fees received by the provider are paid independent of any interest paid to you.*

**Margin Lending**

We do not provide advice on Margin or Geared investment products. If your trading account is settled via your Margin Lending Account, the lender may pay a trail commission to Pareto. In this case Pareto will rebate the commission received to the client.

**Portfolio Administration Fees**

Where you subscribe to a Portfolio Management Service you may be charged one off establishment cost to cover set up costs.

You will also be charged up to 3% per annum of your portfolio value, charged on a quarterly basis. The relevant rate will be dependent on the value of your portfolio. If you subscribe to a Portfolio Management Service the applicable fees will be set out in your Statement of Advice.

**Interest Earned on Client monies held on Trust**

Where funds are held in our trust account on your behalf, Pareto is entitled to the interest earned.

**What Commissions, Fees or Other Benefits are Received?**

Where you receive personal advice, levels of service, their associated calculations for fees and charges and the ongoing services provided are discussed in the first meeting and subsequently disclosed, prior to implementation of any recommendations, in the SOA.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration, and soft dollar benefits received by the licensee and/or representative.

**How are our Financial Advisers remunerated**

Our advisors are remunerated on a wholly commission basis; a commission and salary basis; or commission salary and bonus basis. Commission range between 50 and 60% of the fees received by Pareto Capital depending on the level of salary and the aggregated annual fees earned for Pareto by the Financial Advisor. Pareto directors receive salaries, bonuses based on the performance criteria and other benefits from us.

	Where Pareto receives a fee resulting from a corporate transaction the fee may be in the form of a monetary payment and or the issue of Financial products, for the services provided to the issuer. Your advisor will receive between 20 and 80% of this fee dependent on its origin.
<b><i>Do any relationships exist which might influence the service or advice I receive?</i></b>	Pareto, its Directors and or your adviser may hold an interest in a financial product. Any significant interest/ownership will be recorded in a register of financial product holding and where appropriate, this holding will be disclosed to you in the SOA or ROA.
<b><i>Will you give me advice that is suitable to my investment needs and financial circumstances?</i></b>	<p>No. Unless otherwise agreed in writing. All advice provided by Pareto Capital will be on a <b>General Advice only basis</b>. I.e. we will not take into account your Personal Circumstances including your Financial situation and needs. Our advice will be specific to the merits of a specific financial product and not whether they are suitable to your specific needs.</p> <p>If you do require <b>Personal Financial Advice</b> which takes into account your Personal Circumstances including your Financial Situation and needs, we need to find out your individual investment objectives, financial situation and needs before we recommend any investment or risk products to you. You have the right not to divulge this information to us, if you do not wish to do so. In that case, we are required to warn you about the possible consequences of us not having your full personal information. You should read the warnings carefully.</p> <p>The level of advisory services you require from your advisor will be agreed at the outset of our relationship.</p>
<b><i>What should I know about any risks of the investments or investment strategies recommended to me?</i></b>	<p>We will explain to you any significant risks of investments or and strategies that we recommend to you. If we do not do so, you should ask us for further clarification.</p> <p>Risks relating to Capital Raisings or other Corporate Activity are detailed in the issuers Product Disclosure Statement, Prospectus or other disclosure document.</p>
<b><i>What information do you maintain in my file and can I examine my file?</i></b>	<p>We maintain records of any Personal Advice recommendations made to you. If you wish to examine your file, you should ask us and we will make arrangements for you to do so.</p> <p>If we have agreed in writing to provide you with Personal Advice, details of your Personal Circumstances including your Financial Situation and needs will be recorded on your client file.</p> <p>We are committed to implementing and promoting a privacy policy which will ensure the privacy and security of your personal information. A copy of our privacy policy will be provided upon your request and is available on our website at <a href="http://www.paretocapital.com.au">www.paretocapital.com.au</a></p>
<b><i>Can I tell you how I wish to instruct you to buy or sell my investment? How will my</i></b>	<p>Yes. You may specify how you would like to give us instructions. For example, by telephone, fax or other means. But in all cases we must receive an instruction from you.</p> <p>Your order will be executed and settled through our Execution and Settlement Agents, ETRADE Australia Securities Ltd (ACN 078 174 973) ("ETRADE") or other</p>

**transactions be executed?**

Execution and Settlement agent as appointed by Pareto from time to time. You will receive a copy of our Execution and Settlement agents FSG at the time of opening an account or you can access it at any time via our website.

The method by which the Execution and settlement Agents will accept your or Pareto's Instructions, will be subject to the terms and conditions of trading between Pareto, the Execution and settlement Agents and you.

**What kind of compensation arrangements are in place and are these arrangements complying?**

Pareto confirms that it has arrangements in place to ensure it continues to maintain Professional Indemnity insurance in accordance with s912B of the Corporations Act 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the Sum Insured for Pareto and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with Pareto for a minimum of 7 years from the date of ceasing the relationship.

**What should I do if I have a complaint?**

We are committed to providing quality advice to our clients. This commitment extends to providing accessible complaint resolution mechanisms for our clients. If you have any complaint about the service provided to you, you should take the following steps:

1. Contact your adviser and tell your adviser about your complaint.
2. If your complaint is not satisfactorily resolved within 7 days please contact Pareto on (08) 6489 0800 or put your complaint in writing and send it to us at, Pareto Capital, PO Box 2019, Subiaco WA 6008. We will try and resolve your complaint quickly and fairly.
3. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service on 1300 780 808. Pareto Capital is a member of this complaints resolution service. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint or obtain information about your rights.

**Our Advisors and their qualifications and experience**

**Our Advisors are;**

**Davide Bosio – Bcomm - Managing Director**

Davide has over 10 years experience in the finance industry as an advisor involved with various AFSL groups providing financial product advice and dealing to retail and wholesale clients. Davide, as a founding director of Pareto Capital Pty Ltd, specialises in offering professional customised fundraising solutions to corporate clients and investment services to professional investors. Davide is currently a Fellow Member of the Financial Services Institute of Australia (Finsia) and a Graduate Member of Australian Institute of Company Directors (GAICD). Davide holds a Bachelor of Commerce (Marketing) degree and a Graduate Diploma in applied Finance and Investment.

Davide has met the accreditation and ongoing training requirements of ASIC's Regulatory Guide 146 in Securities, Basic Deposit and payment products and Derivatives and is authorized by Pareto to deal and provide advice on those products.

### **Dino DiCosta – (CA) Director**

Dino became a Director of Pareto Capital having returned to Australia after 10 years in Investment Banking in London where he was a Director of Credit Suisse's Structured Product Debt Syndication and Trading team. Dino's principal role was in Debt Capital Raisings for some of the largest financial institutions globally. Dino has extensive experience in Institutional Sales and Corporate Advisory services in both the complex debt markets and global equity markets. Dino holds a Bachelor of Commerce (Acc and Bus Law) and is a member of The Institute of Chartered Accountants (Australia). He is also the treasurer of The Strike a Chord for Cancer Foundation.

Dino has met the accreditation and ongoing training requirements of ASIC's Regulatory Guide 146 in Securities, Basic Deposit and payment products and is authorized by Pareto to deal and provide advice on those products.

### **Jonathon Pullin - B.Comm (Prop & Fin) - Investment Adviser**

Jonathon commenced work in the industry for a Perth broking firm whilst studying in 2007. He went on to complete his Commerce degree, majoring in Finance and Property. After several years experience in traditional broking Jonathon was then involved in the formation of a Funds Management business using Separately Managed Accounts (SMA's). Working alongside a number of experienced fund managers Jonathon was exposed to extensive investment analysis, capital raisings, specialised trading and client management systems. Jonathon is a member of the Financial Services Institute of Australia (Finsia).

Jonathon has met the accreditation and ongoing training requirements of ASIC's Regulatory Guide 146 in Securities, Basic Deposit and payment products and is authorized by Pareto to deal and provide advice on those products.

### **Jason Roberts - Investment Advisor**

Jason is an Investment Advisor and brings with him an understanding of financial markets in the capacity of both, an adviser and an active share market investor. Prior to joining Pareto, Jason has worked in management positions for a range of Companies including privately owned enterprises as well as large global players. This experience has provided a strong understanding of financial business fundamentals which, when coupled with successful completion of the RG146 qualifications, enables Jason to advise on portfolio establishment, trading and investment strategies for clients.

Jason has met the accreditation and ongoing training requirements of ASIC's Regulatory Guide 146 in Securities, and is authorized by Pareto to deal and provide advice on securities.

### **Chad South – B.Comm (Finance) - Investment Advisor**

Chad is an Investment Advisor and specialises in providing advisory services to both retail and wholesale investors. Prior to joining Pareto Capital, Chad spent 8 years as a wholesale and retail client advisor with a focus on trading techniques



and education both in discretionary managed accounts and with retail clients. Chad has completed a Bachelor of Commerce (Finance) degree at Curtin University.

Chad has met the accreditation and ongoing training requirements of ASIC's Regulatory Guide 146 in Securities, Basic Deposit and payment products is authorized by Pareto to deal and provide advice on those products.