



SENTINEL
FINANCIAL GROUP

Sentinel Financial Group Pty Ltd ABN 26 104 456 288 ASFL 230542 Participant of Australian Securities Exchange Ltd

SUPPLEMENTARY FINANCIAL SERVICES GUIDE



This Supplementary Financial Services Guide supplements our primary Financial Services Guide and is designed to assist you make an informed decision about whether to use our Managed Discretionary Account ('MDA') Service. Both our Financial Services Guide and this Supplementary Financial Services Guide are important documents and should be read together. You should file both for later reference.

This Supplementary Financial Services Guide complies with ASIC Class Order 04/194, a copy of which you may obtain either from us on request or from ASIC's website (www.asic.gov.au).

Before signing any documentation in relation to opening and maintaining a MDA with us, it is most important that you understand all the material completely. You should consider seeking advice from your Solicitor or Financial Professional. Please also feel free to ask us for more information. Be sure to ask us for an explanation of anything in the documentation which is not clear to you.

The purpose of this Supplementary Financial Services Guide is to provide information about:

- A. What a MDA is, and the significance of giving Discretionary Authority to us.
- B. The range of financial products which can be invested in through our MDA Service, and other limitations to the Service.
- C. How we are remunerated by you and others for providing our MDA Service.
- D. Significant risks associated with opening, maintaining and investing through a MDA.
- E. What you must do before we can provide our MDA Service to you.
- F. How a MDA is operated and administered, and how and what we will report to you.
- G. How an Investment Program is developed for your MDA, how frequently it is reviewed, and the nature of the review.
- H. How your MDA holdings would be held (i.e. in whose name and by whom).
- I. How rights relating to your MDA holdings are to be exercised, including the right to vote at General Meetings.

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A. What an MDA is, and the significance of giving discretionary authority to us?

A Managed Discretionary Account ('MDA') is an account established in your name, which is used to make investments on your behalf in accordance with your Investment Program and the discretionary authority given to us without the need, on each and every occasion, to consult and get your agreement or instructions to sell, buy, apply for or redeem investments in financial products prior to actually doing so.

Specific and on-going discretionary authority is given to us as part of the Managed Discretionary Account Agreement ('MDA Agreement') and day-to-day we are obliged to manage the MDA portfolio in accordance with the agreed Investment Program and that authority. The Investment Program is presented as a Schedule to the MDA Agreement and therefore is actually part of the MDA Agreement.

By giving us discretionary authority you are empowering us to deal and invest on your behalf at any time and to bind you to those dealings or investments as if you'd given us the order or other instructions in the usual manner for dealings on an Account which is not a MDA. You would not be able to refuse to accept or settle any transaction executed on behalf of your MDA, as long as we acted in accordance with your Investment Program and the discretionary authority granted to us, just because you didn't give us direct instructions for that transaction.

At all times you will be the registered and beneficial owner of holdings or funds in your MDA, but we will control day-to-day trading or investment on behalf of your MDA. At any particular time, you may not know what holdings your MDA actually holds.

However, we will send transaction confirmations (previously known as contract notes) to you after every market-executed transaction. You will be able to monitor your MDA by accessing our website. We will report to you in the required form each Quarter (or more frequently if you require and we agree). You will be free to meet or consult with us regarding your MDA. You may contribute further funds or holdings to your MDA. Subject to the value of your MDA portfolio remaining above \$50,000, you may withdraw holdings or funds. You may expressly instruct us at any time regarding your MDA portfolio or particular holdings, which in that instance overrides the discretionary authority previously given to us. You may terminate your Managed Discretionary Account Agreement by giving notice to us in accordance with the Agreement.

You should always take an active interest in your MDA. Monitor its progress and consider our Reports carefully.

B. The range of financial products which can be invested in through our MDA Service, and other limitations to the Service?

Our MDA Service will usually invest in financial products traded or to be traded (in the case of IPOs and new issues) on markets operated by or accessible through the Australian Securities Exchange. Typically, these dealings will be limited to Australian Equities and Derivatives. If necessary or desirable in pursuit of your Investment Program, our MDA Service can extend to dealings in foreign financial products traded on major overseas Stock Exchanges. Although holdings usually will be market tradable, your MDA portfolio may hold fixed income (e.g. Bank Bills, Debentures or Bonds) and other products which are not market listed.

Our MDA Service does not extend to dealings or investments in futures/ commodity contracts or other 'excluded products' such as life insurance investment products.

You may use the Managed Discretionary Account Agreement to direct us to avoid or focus on particular investments or to pursue a certain investment strategy. You may direct us to source additional funds from a Margin Lender. Your MDA will be managed individually and will not be pooled with others to enhance diversification or access to special opportunities.

Although you will have the right to withdraw funds or override the discretionary authorities given to us in the Managed Discretionary Account Agreement, we do not encourage you to do so. The MDA Service necessarily involves us keeping a watchful eye over all MDA portfolios, and arrangements have been designed with limited client contact in mind and to minimise the administration necessary (and related costs) in support of the Service.

Time Horizon

Your time-horizon for the MDA portfolio should be at least one year to allow your Investment Program sufficient time to achieve its objectives.

Active Management & Investment Selection

Our MDA Service typically involves active management of various financial products to increase the value of your portfolio. This may include both short and long term strategies.

While most investments will be focused on S&P/ASX 200 stocks, you may elect to have a proportion of your portfolio allocated to investments outside of the S&P/ASX 200.

Minimum investment and withdrawals

The minimum initial contribution required to open a MDA is \$50,000.

Withdrawals which result in your MDA portfolio valuation falling below the 'operating' minimum of \$50,000 may result in suspension of your MDA until further contributions of funds or holdings are made to raise the portfolio value above that minimum. During the period of suspension, day-to-day management of your MDA would fall entirely to you, as would be the case for any account other than a MDA.

We will contact you should the value of your MDA portfolio drop below the minimum and prior to any suspension.

C. How are we remunerated by you and others for providing MDA Services?

Fees payable by you, and received by us.

The following fees may be payable by you for our MDA Services depending on the nature and style of your account:

- Brokerage will be charged whenever a purchase or sale is completed on your behalf, and the actual amount you pay will be detailed on the confirmations you receive.
- An Administration Fee will be charged as a flat amount each month. This charge will be detailed in full in your Quarterly Reports. The fee will be automatically deducted from your nominated account within 31 days of month end.
- A Performance Fee will be charged as a percentage of your investment performance over each calendar quarter. The fee will be automatically deducted from your nominated account within 31 days of quarter end.

A detailed description of our fees and how they are calculated is included in the Schedule of Fees attached to this SFSG.

Fees or benefits received by us from others.

From time to time, Sentinel Financial Group may participate in the placement or sub-underwriting of financial products, some of which may be acquired for MDA portfolios. For performing its role, we would usually receive a fee of up to 6% of the value of the issue from the issuer of the financial product. This fee will cover the placement of financial products, processing of applications and distribution and administration functions.

We may also earn up to 1% trailing commission on the balances of your cash accounts or margin lending products.

Sentinel may pay referral or introduction fees to organisations or individuals who introduce clients to our MDA services. Any such amounts will be disclosed to you prior to providing our services.

D. Significant risks associated with opening, maintaining and investing through a MDA?

The various categories of risk summarised in Section 3 of our FSG, which are applicable to any direct investment in financial products traded on financial markets (e.g. ASX), apply to a MDA. Portfolio diversification in accordance with your Investment Program (see Section G below) and investment limits as part of your Investment Program are designed to reduce risk, but there can never be 'no risk'.

A point you should consider carefully is that even though we confirm transactions and report to you in detail quite frequently, your MDA portfolio assets are invested without your involvement. Some may feel that there is potential for abuse, but all investment activity must be in accordance with the discretionary authority specified in the MDA Agreement and the Investment Program for the MDA. Any unauthorised dealings are prohibited, and should they occur inadvertently, would be reversed or refunded to your MDA in full. Our review processes, professional indemnity and other insurance cover, our membership of FOS and your legal rights ensure protection against unauthorised investments or transfers of funds.

As you would be the registered and beneficial owner of all holdings and funds held in the name of your MDA, any investment growth or profits are yours, and any losses are yours. We do not, and the nature of investing in financial markets is such that we can not, guarantee any particular investment performance or outcome.

E. What you must do before we can provide MDA Services to you?

Before a MDA can be opened and operated on your behalf, we are required to:

- send you our FSG and this SFSG, and MDA Services pack;
- complete a Client Profile Questionnaire, which we use to develop your Investment Strategy and Investment Program, and to ensure operating a MDA in accordance with that Strategy/Program is in fact appropriate for you;
- discuss the scope of the discretionary authorities necessary to operate your MDA in pursuit of your Strategy/Program;
- agree who your Sentinel Account Manager (see Section F below) would be for your MDA, and you must then:
 - consider our FSG and this SFSG carefully;
 - consider, sign and return our Managed Discretionary Account Agreement (don't return the Investment Program unless it needs amendment);
 - complete our New Account Application; and
 - contribute funds and/or holdings to the minimum value required.

All Agreements and Account Application material must be duly completed in full, signed and returned to us before your MDA can be opened and investment commence. A copy of the MDA Agreement will be provided to you once it is executed by us.

F. How a MDA is operated and administered, and how and what we will report to you?

Day-to-day your MDA would be operated and managed by Sentinel's Investment Managers.

Each transaction executed on-market on behalf of your MDA will be confirmed to you by means of a Confirmation.

We will report to you at least Quarterly (more frequently if you require and we agree) the following information:

- all transactions effected;
- all holdings and funds held at the end of the period;
- total assets and liabilities held at the beginning and end of the period; and
- all fees whether payable by you or third-parties, all brokerage or other charges or expenses relating to the operation of your MDA.

You may request a copy of a previous Report. If we agree to do so, your Report format may be tailored to include additional information.

Annually, for the Financial Year, we will provide:

- a summary Report of the transactions effected on your behalf, including a summary of the nature and purpose of those transactions;
- an Auditor's Report regarding the adequacy of our MDA Service procedures and internal controls, the accuracy of Reports provided to you, and expressing an opinion whether any Report has been materially misstated; and a
- a Statement of Advice regarding the on-going suitability of the Managed Discretionary Account Agreement with you and its Investment Program in light of your relevant investment objectives, financial situation and needs (i.e. your relevant personal circumstances). Should it not be suitable for you, we will advise what needs to change to ensure it is suitable.

G. How an Investment Program is developed for your MDA, how frequently it is reviewed, and the nature of the review?

Sentinel will first consider the appropriateness of you using our MDA Service. To this end, we work with you to complete a Client Profile Questionnaire.

This profile captures your particular financial situation and needs and facilitates development of an Investment Strategy, all of which is necessary to ensure we develop an Investment Program for your MDA which is personally appropriate for you. It allows you to specify your tolerance to risk, investment preferences and performance goals.

The Investment Program will be developed and presented to you as part of the Managed Discretionary Account Agreement for your signature.

The Investment Program will comply with the 'reasonable basis for personal advice' and Statement of Advice requirements of the Corporations Act (i.e. Division 3 of Part 7.7 of the Corporations Act). It will, among other information, also:

- state the nature and scope of the discretions we will be authorised and required to exercise in pursuit of the Investment Program for your MDA;
- state the investment strategy to be applied in exercising those discretions;
- include information about any significant risks associated with signing the Managed Discretionary Account Agreement and operating a MDA;
- set out why your Agreement, including your Investment Program, is suitable for you; and
- include warnings that your Agreement may not be suitable for you if you have only provided us with limited or inaccurate profile information, and that your Agreement may cease to be suitable if your financial situation, investment objectives or needs change.

Your Investment Program will be reviewed at least annually by your and presented to you as a Statement of Advice. You may request a review at any time, particularly if your circumstances or needs have changed materially. We would then again request you to complete a comprehensive Client Profile Questionnaire.

You should advise us as soon as practicable of material changes to your financial situation, particular financial needs and investment objectives so the appropriateness of your Investment Program can be reviewed. If a material change in your Investment Program is required, particularly in relation to the Investment Strategy, an updated Statement of Advice will be sent to you and (should you agree) your MDA will henceforth be managed in accordance with the amended Investment Program.

H. How your MDA holdings would be held (i.e. in whose name and by whom)?

Our MDA Service does not include custodial or depository services.

Your MDA will be established in your name and portfolio holdings will be CHESSE Sponsored and registered in your name. Doing so maximises administrative and settlement efficiency, reduces costs, and facilitates your ability to monitor your portfolio. Your holdings will not be pooled with other MDA Service clients, nor will they be held by, or in the name of, a third-party. The 'registration address' for your MDA holdings will be our address. The mailing address for your MDA (for Confirmations and other notifications) will usually be your residential address or another nominated by you.

If you are managing your own portfolio already and you decide to use our MDA Service, you may contribute some or all of your existing holdings to establish or add to your MDA portfolio.

I. How rights relating to your MDA holdings are to be exercised, including the right to vote at General Meetings?

Your MDA holdings will change as we pursue your Investment Program or respond to your direct instructions regarding contributions, withdrawal of funds or particular holdings.

You may therefore be a registered holder when the Issuer of that financial product despatches dividends, other entitlements or material to current holders.

As your MDA holdings will be registered in your name but "care of" our address, you will not receive Annual or other Reports, and you will not receive Notices of Annual or Extraordinary General Meetings in the usual manner by post from the Issuer.

Sentinel will exercise the discretionary authority under the MDA Agreement, including voting on your behalf, even if we, or an associate, may benefit from the exercise of that power.

Dividends will be despatched to your nominated bank account.

J. Use of Margin Lending Facilities

The discretionary authorisations granted to us would usually include being able to establish and operate a Margin Lending Account with a Margin Lender in your name and linked to your MDA. If you authorise us to do so, Margin Calls may be made by the Lender triggering the need for sale of MDA holding(s) or a contribution of more funds on behalf of your MDA to the Lender.

We are only authorised to provide services in relation to Standard Margin Lending Facilities. Margin Calls would be made to you and copied to us for action. We would act on behalf of your MDA to meet the call. If further funds or collateral are required, we would contact you for urgent action.

K. Tax considerations

Sentinel are not Tax Advisers. However it should be noted that dealings in your MDA may have tax implications and that trading and investment profits and losses may impact your tax position. You should consider consulting with your Tax Adviser when assessing our MDA Services.

SCHEDULE OF FEES

The following fees may apply to your MDA account. The specific rate applicable to your account will be within the ranges detailed below and agreed with you prior to conducting any activity. All rates and amounts detailed below are GST exclusive and in Australian Dollars.

Brokerage

Brokerage is charged on financial products traded on ASX markets.

Brokerage for buying and selling:

0.20% of Transaction Value
Minimum Fee of \$50

Example:

If the agreed transactions was to buy \$2,000 worth of BHP shares, this would incur the minimum brokerage of \$50. If the order was for \$100,000, the cost for brokerage would be \$200 ($\$100,000 \times 0.20\% = \200).

Administration Fees

The Administration fee is charged at a flat amount of \$500 per annum, billed on a monthly basis.

Performance Fees

A Performance Fee of 20% is charged on Investment Performance over each calendar quarter, subject to the High Water Mark. If Investment Performance for a quarter is negative, no fee is charged for that quarter. Performance Fees are calculated and charged quarterly in arrears.

Investment Performance is defined as the total profit or loss made from all investment activities on behalf of the MDA. That is, Investment Performance = Realised Gains + Unrealised Gains + Dividends + Interest Received + Other Income.

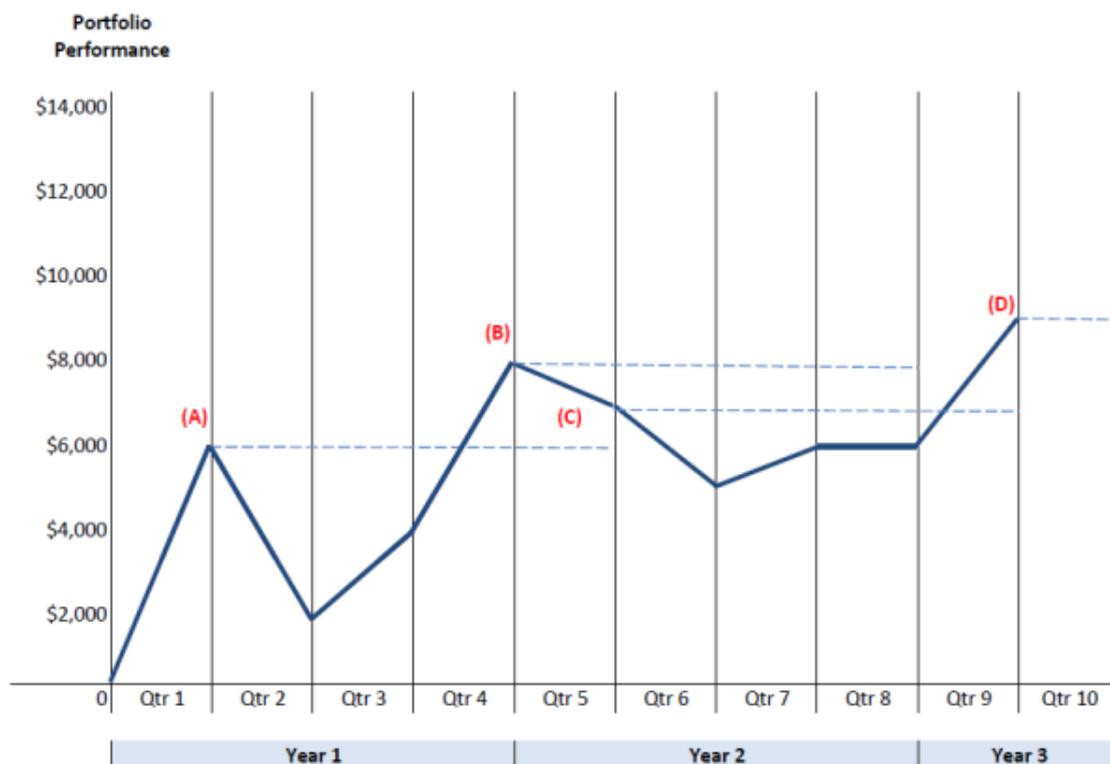
Example:

Realised Gains	\$ 5,500		
Unrealised Gains	\$ 3,000		
Dividends	\$ 1,000		
Interest Received	\$ 500		
Total Investment Performance for quarter		\$ 10,000	
Performance Fee Payable for quarter		\$ 2,000	(20% X \$10,000)

High-water Mark

A rolling four quarter High-water Mark is used to determine and calculate Performance Fees applicable to your portfolio. A Performance Fee is only charged when quarterly performance exceeds the rolling 4 quarter High-water Mark each quarter. The following example illustrates how this High-water Mark is applied:

1. Quarter 1 Portfolio Performance is +\$6,000.
 - a. A Performance Fee is charged calculated as: $\$6,000 \times 20\% = \$1,200$.
 - b. A High-water Mark (A) is created for the subsequent consecutive 4 quarters.
2. Quarter 2 Portfolio Performance is -\$4,000.
 - a. High-water Mark (A) is not exceeded therefore no Performance Fee is charged.
3. Quarter 3 Portfolio Performance is +\$2,000.
 - a. High-water Mark (A) is not exceeded therefore no Performance Fee is charged.
4. Quarter 4 Portfolio Performance is +\$4,000.
 - a. High-water Mark (A) is exceeded by \$2,000. A Performance Fee is charged calculated as: $(\$8,000 - \$6,000) \times 20\% = \$2,000 \times 20\% = \400 .
 - b. A new High-water Mark (B) is created for the subsequent consecutive 4 quarters.
5. Quarter 5 Portfolio Performance is -\$1,000.
 - a. High-water Mark (B) is not exceeded therefore no Performance Fee is charged.
6. Quarter 6 Portfolio Performance is -\$2,000.
 - a. High-water Mark (B) is not exceeded therefore no Performance Fee is charged.
7. Quarter 7 Portfolio Performance is +\$1,000.
 - a. High-water Mark (B) is not exceeded therefore no Performance Fee is charged.
8. Quarter 8 Portfolio Performance is \$0.
 - a. High-water Mark (B) is not exceeded therefore no Performance Fee is charged.
 - b. High-water Mark (B) now resets to point (C), being the highest quarterly performance point on a four quarter rolling basis.
9. Quarter 9 Portfolio Performance is +\$3000.
 - a. High-water Mark (C) is exceeded by \$2000. A Performance Fee is charged calculated as: $(\$9,000 - \$7,000) \times 20\% = \$2,000 \times 20\% = \400 .
 - b. A new High-water Mark (D) is created for the subsequent consecutive 4 quarters.





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