

Financial Services Guide

23 April 2024

This Financial Services Guide has been issued by DNR Capital.

About us – who is DNR Capital?

DNR AFSL Pty Ltd

DNR AFSL Pty Ltd ABN 39 118 946 400 holds an Australian Financial Services (AFS) Licence (AFSL 301658) and has engaged DNR Capital Pty Ltd ABN 72 099 071 637 (DNR Capital Pty Ltd) to undertake the day to day operations in managing your portfolio.

DNR AFSL Pty Ltd is a wholly owned subsidiary of DNR Capital Pty Ltd.

DNR Capital Pty Ltd

DNR Capital Pty Ltd is an authorised representative (Rep No 294844) of DNR AFSL Pty Ltd and is authorised to provide financial services on its behalf.

Together they operate under the brand, DNR Capital.

DNR Capital Pty Ltd is a privately owned Australian investment manager that delivers client-focused, quality investment solutions to institutions, intermediaries, retail and wholesale investors. Founded in 2001, we have a track record of delivering on our investment philosophy of identifying, buying and holding quality companies for the medium to long term.

DNR Capital is rated by both institutional and retail asset consultants for our specialist expertise in managing Australian equities.

Why have we provided you with a Financial Services Guide?

This Financial Services Guide (FSG) is an important document. We strongly recommend you read it carefully and make sure you understand it. You may receive an updated FSG if we are required to update this document to satisfy the requirements of our AFS Licence.

This FSG complies with the requirements stipulated in the Corporations Act 2001 (Cth), ASIC Regulatory Guides and ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968. It provides you with information about DNR Capital and the services you may receive. It is designed to assist you in deciding whether to use our services.

Information in this FSG includes:

- details of DNR AFSL Pty Ltd and DNR Capital Pty Ltd and the services we are authorised to provide in the conditions of our AFS Licence
- how you can contact us
- any potential conflict of interests
- how we (and any other relevant parties) are remunerated, and
- details of our complaints resolution services.

Our financial services and financial products

DNR AFSL Pty Ltd is authorised under its AFSL to provide financial services restricted to general product advice for retail clients and financial product advice to wholesale clients in the following products:

- interests in Managed Investment Schemes including Managed Discretionary Accounts (MDA) Services, Investor Directed Portfolio Services, deposit products, securities, debentures, stocks or bonds issued by a government, derivatives and foreign exchange contracts
- to deal in a financial product by issuing, applying for, acquiring, varying or disposing of a financial product in respect of interests in Foreign Exchange Contracts, Managed Investment Schemes, including MDA Services and excluding Investor Directed Portfolio Services, and by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of interests in Managed Investment Schemes including Managed Discretionary Account (MDA) Services, Investor Directed Portfolio Services, deposit products, derivatives and securities, debentures, stocks or bonds issued by or proposed by a government, and
- to operate custodial or depository services other than Investor Directed Portfolio Services.

Managed Discretionary Account (MDA) Service

DNR AFSL Pty Ltd is the licensed provider of MDA and, as its authorised representative, DNR Capital Pty Ltd can provide you with the benefits of a professionally managed direct investment portfolio without the administrative burden and time consuming task of managing your own portfolio. DNR Capital Pty Ltd is responsible for implementing advisory and investment instructions under the Investment Services Agreement.

DNR Capital's services are designed for clients who wish to outsource the management of their investment portfolio to a professional investment team and our services include:

- management of your investment portfolio including asset classes for Australian equities, fixed interest products, listed property trusts and international managed funds
- administration and maintaining records for your individual investment portfolio
- consolidated reporting, including the preparation of tax statements (including capital gains), and
- continuous access to information relating to your investment portfolio including transactions and valuations as well as quarterly and annual reports.

We offer a MDA service, if you choose to use this service, we will manage your investment portfolio on a discretionary basis in accordance with an Investment Program recommended by

your adviser. This means that we do not need to contact you before making a change to your investments that is within the scope of the agreed Investment Program.

Your financial adviser

To invest in the MDA as a retail client, you must have a financial adviser. Your financial adviser will recommend our MDA service in a Statement of Advice (SOA) if they consider it is suitable for you. The SOA will set out the basis on which your financial adviser believes our MDA product is suitable for you. You will need to enter into an Investment Services Agreement with us before we can provide you with the service.

This FSG only relates to financial products and financial services in respect to MDA Services provided by us to retail clients' investments that are contracted in an Investment Services Agreement with us.

This FSG does not relate to personal advice or general advice you may have received in a Statement of Advice provided to you by your adviser. See financial adviser contact details on last page.

Who is responsible for the custody services provided to you?

DNR AFSL Pty Ltd is responsible for the provision of custody services for clients in accordance with the Custody Terms and Conditions provided to you. We have appointed Citigroup Pty Ltd (Citigroup) (ABN 88 004 325 080) as sub-custodian to provide these services in connection with your MDA.

As a result Citigroup is the asset holder for assets held in connection with your account. Citigroup holds an AFS Licence (AFSL 238098). Citigroup is a wholly owned subsidiary of Citigroup Inc (NYSE (C) and other principal international stock exchanges. See contact details on last page.

We are responsible for ensuring that Citigroup, or any sub-custodian appointed by Citigroup, holds investments provided to it for the purposes of your MDA in trust for you. Your investments are not required to be held separately from the assets of Citigroup or other clients provided Citigroup perform regular reconciliation procedures in relation to them. This means that Citigroup will use pooling arrangements under which assets will be held in an omnibus account and held in the name of Citigroup or its nominee. We will maintain records that will allow clear identification of the assets held by you through the omnibus account. We are not permitted under any circumstance to pool client assets with our own assets. Citigroup acts on our instructions pursuant to the Sub-Custody agreement we have in place.

At any time, you can ask us in writing for a statement acknowledging the manner in which we hold your investments.

Outsourcing

Other than the appointment of the custodian, sub-custodian and brokers, DNR Capital does not outsource any of its functions in relation to the MDA Services. We take a risk-based approach to the appointment of external service providers to ensure that the selection and engagement follows a transparent and accountable process, and that the ongoing monitoring and evaluation of the service provider's performance is managed appropriately and effectively on at least an annual basis.

Documents and services you will receive

Investment Services Agreement with MDA Services

You must enter into an Investment Services Agreement with us before we can provide you with MDA Services. This is a requirement of ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968.

The agreement outlines how we will provide our MDA Services to you and includes your Investment Program. The agreement and Investment Program outlines:

- the investment strategy recommended to you
- the nature and scope of our discretion and any significant associated risks in managing your portfolio through buying and selling products on your behalf without prior reference to you
- the basis on which the MDA Services are suitable for you, and
- warnings and limitations relation to the MDA service.

You must consider these limitations before signing the agreement.

Statement of Advice

Your financial adviser will prepare a Statement of Advice for you whenever you receive personal advice. The Statement of Advice and Investment Services Agreement (including the Investment Program) are issued to you to ensure that we comply at all times with Division 3 of Part 7.7 of the Corporations Act 2001 (Cth).

The Statement of Advice sets out the advice given, with an explanation of the basis on which it was given and the specific fees payable for the personal advice provided. In preparing the Investment Program you must ensure your financial adviser has been provided with accurate information relating to your relevant personal circumstances so as to minimise the risk that the Investment Program and MDA Services are not suitable for you.

Ongoing and annual review

Your financial adviser will review your Investment Program with you on an annual basis or more frequently if required, or if requested when your circumstances change in any way. You must communicate to your financial adviser if your circumstances change in a significant way, as our MDA product may cease to be suitable for you.

You must communicate with your financial adviser if you would like to see new or additional personal advice and your financial adviser will issue a new Statement of Advice to you and notify us of any changes in the Investment Program.

We are required to review your Statement of Advice before we can enter into the Investment Services Agreement with you so as to be satisfied that the MDA Services are suitable for your relevant personal circumstances.

Your financial adviser must confirm to us that they have conducted an annual review of your Investment Program and the appropriateness of the MDA Services provided to you.

Please contact us if you change your financial adviser.

Risks

Risks associated with your Investment Program and MDA Services

No prior reference to you – under the agreement, we will manage your portfolio on your behalf, at our discretion and will make decisions on the composition of your portfolio, acquire or dispose of portfolio assets and exercise rights attaching to or associated with the portfolio assets without reference to you, but our actions must be in accordance with the parameters of your Investment Program.

Your reliance – you will rely on our skills, competence and ability to successfully manage your portfolio to achieve your investment goals and objectives. Your lack of day-to-day control over your portfolio and your reliance on our expertise is a risk associated with this type of service.

Operational risk – we have a wide discretion under the agreement to make all investment decisions on your behalf. Our operating systems and our service providers may fail or inappropriately record your investments. This is a risk associated with this type of service.

General risk management strategies

We must at all times maintain as full an understanding as may reasonably be expected of an investment manager in respect of Australian tax law in so far as those tax laws affect the investment and returns on investment of your portfolio.

We will be entirely responsible for the management of the portfolio for tax purposes and we will not take into account your specific tax position when making our decisions, unless you have provided specific instructions to us.

Other risks, specific issues and expanded explanations

There are many definitions of risk and this can include legislative, country, currency, inflation and liquidity risk all of which will have different impacts on an investment portfolio.

However the most common concept of risk is simply the 'loss of capital'. Most investors do not wish to see the value of their investment decline. It is a fact that investment is inherently risky by nature and that losses will occur (even in conservative portfolios) to some degree at different times.

Given that volatile and negative returns will occur in many portfolios an investor with a long term investment horizon would likely have a greater tolerance to investment risk than an investor with only a short term outlook. Generally, the investor with a long term outlook has longer to recover from a period of flat or negative return.

Investments have varying degrees of risk and return. The risk/ return philosophy generally states that for most investments the higher the level of risk (volatility) the investor is prepared to accept, the greater the expected return as a payoff for taking a higher degree of risk.

Higher returns are rarely achieved without increasing risk and investment risk is considerably lessened when a longer investment time frame is adopted. Accordingly, it is important that when investors seek to achieve specific investment objectives, that an acceptable time frame is allowed to achieve those returns.

Other risks associated with an investment portfolio with MDA Services include:

Liquidity risk – this risk is that you cannot realise your investments when required. This risk is reduced by

ensuring that you are able to access your money quickly by maintaining an adequate cash reserve to meet immediate emergency needs and for future planned expenditures. This avoids the possible outcome of crystallising a loss when a short-term drawing is required from your investment portfolio.

Inflation risk – it is important to maintain the purchasing power of your capital over longer time periods to protect your portfolio from inflation. Growth investments generally allow your income to increase over time with the ability to deliver tax effective returns.

Tax – any variation to tax law and regulation could materially affect the value of the portfolio and existing investment strategy.

Credit risk – this is the risk that an institution holding your capital (e.g. debenture issuer) may fail to pay interest or return your capital. Alternatively, an investment may fail resulting in a loss of capital.

Currency risk – the possibility that investments held in other countries may rise or fall in value as a result of movements in international exchange rates against the Australian dollar.

Economic and political risk – these risks relate to the changes in inflation, interest rates etc and those risks caused by changes in government, their policies and legislation.

Market risk and volatility – the concept of volatility means that investment values can move both up and down. The greater the volatility the more ups and downs. This includes movements in various markets due to economic, environmental or political conditions, or from general market sentiment, the causes of which may include changes in governments or government policies, political unrest, wars, terrorism, pandemics and natural, nuclear and environmental disasters. The duration and potential impacts of such events can be highly unpredictable, which may give rise to increased and/or prolonged market volatility. The possible reward for accepting greater volatility is the possibility of higher returns over the long term. Short term volatility in financial markets will invariably occur and by diversifying your portfolio market risk can be mitigated.

Investment risk – there is a risk that the investment will not give you the returns you hoped for or that you will lose money. No level of return or performance is promised by us.

Liquidity and pricing relationships – lack of liquidity may increase the risk of loss by making it difficult to effect transactions or close out existing positions.

Past performance is not a guarantee, nor an indicator of future performance.

Providing instructions to DNR Capital

Once you and your adviser have determined that MDA Services are suitable for your relevant personal circumstances, you must complete our Account Opening Form which forms part of your Investment Services Agreement. The Account Opening Form includes how you instruct us to structure your investment portfolio and in respect of corporate actions. Otherwise decisions regarding participation in corporate actions, including proxy voting, and the timing of buys and sells are at our discretion. We reserve the right to request that verbal instructions be advised in writing and we will only act on your instructions once we have received and reviewed them.

Please note that we are not always able to act on your instructions regarding preferences with respect to participation in corporate actions.

The Account Opening Form includes:

- confirming the details of appointing us and your adviser
- the legal and personal details of the legal and beneficial owner of your portfolio
- how you wish us to liaise with other professional advisers on your behalf, these may include your accountant, the administrator of your self-managed superannuation fund, your power of attorney or any other party you authorise to act on your behalf
- how you provide banking instructions to us for deposits and withdrawals, and
- your investment instructions and the applicable fees charged to your portfolio.

Payments to DNR Capital for MDA Services

Customer advisory warning

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 or 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 member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

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) MoneySmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out the different fee options.

DNR Capital Pty Ltd undertakes the day-to-day operations involved in managing and administering your portfolio and will charge your portfolio fees for the MDA Services.

DNR AFSL Pty Ltd will not charge you any additional fees.

Fees and costs

This section shows the fees and other costs you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment as a whole.

You should read all of the information about fees and costs because it is important to understand their impact on your investment. The fees and costs of the MDA product are set out below.

Ongoing fees and costs

Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management fees and costs <i>The fees and costs for managing your investment – refer to advice fees under Additional explanation of fees and costs below</i>		Refer to Example of fees and costs section below
Performance fees <i>Amounts deducted from your investment in relation to performance of the product</i>	\$0	N/A
Transaction costs <i>The costs incurred when buying or selling assets</i>		Refer to Additional explanation of fees and costs section below

Member activity related fees and costs

Type of fee or cost	Amount	How and when paid
Member activity related fees and costs (fees for service or when your money moves in or out of the MDA product)	\$0	N/A
Establishment fee <i>The fee to open your investment</i>	\$0	N/A
Contribution fee <i>The fee on each amount contributed to your investment - refer to advice fees under Additional explanation of fees and costs below</i>	\$0	N/A
Withdrawal fee <i>The fee on each amount you take out of your investment - refer to advice fees under Additional explanation of fees and costs below</i>	\$0	N/A
Exit fee <i>The fee to close your investment – refer to advice fees under Additional explanation of fees and cost below</i>	\$0	N/A
Switching fee <i>The fee for changing investment options</i>	\$0	N/A

Our fees are calculated as a percentage of the value of your investment portfolio. Fees are deducted on a monthly basis, and percentage fees are applied to the daily average market value.

Example of fees and costs

We may charge up to a maximum of 2% of the value of your investment portfolio. For example, if the average value of your investment portfolio over a year was \$100,000, a fee of \$2,000 will be charged during that year.

A minimum fee may apply and this will be agreed in your Investment Services Agreement.

You will also be charged an annual account keeping fee up to the maximum of \$302.50 per portfolio per annum.

Your Investment Services Agreement with MDA Services outlines the applicable fees charged to your portfolio. All fees are inclusive of GST.

The below table provides an example of how the ongoing annual fees and costs of the MDA product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by MDA providers.

Example DNR Capital MDA Product		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	\$0	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management fees and costs	\$1,000	And, for every \$50,000 you have in the MDA product, you will be charged \$1,000 each year
PLUS Performance fees	\$0	And, you will be charged \$0 in performance fees each year
PLUS Transaction costs <i>Additional explanation of transactions costs below</i>	-	And, you will be charged transaction costs
EQUALS Costs of DNR Capital's MDA product	\$1,000	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of approximately \$1000 plus transaction costs.
The total costs will depend on the investment option you chose and fees agreed upon.		

Additional explanation of fees and costs

Reduction of investment fees relating to managed funds

If your portfolio includes managed funds we will discount our management and/or investment fees up to a maximum rate of 0.847% (including GST) on the value of those managed funds. The actual rate of discount applied to your account will be stipulated in your agreement. This acknowledges that in addition to your adviser fees, annual fees and other costs are charged by managed funds. These fees vary but can range from 0.3% to 3.0% depending on the managed fund and asset class, with international equity managers being higher and cash generally at the lower end of the range.

Additional fees

Your adviser may charge additional fees for their services. Their fees will be outlined in the Statement of Advice provided to you.

Transaction costs

Transaction costs are incurred in the buying or selling of the investments held by your portfolio and include costs such as brokerage, government taxes and stamp duty (if applicable). Brokerage may vary but will be a maximum of 0.25% of transaction value per transaction where trades are part of a block trade. Where trades are not part of a block trade brokerage will be a maximum of 0.25% of transaction value or \$15 per transaction whichever is greater. Such costs are deducted from your portfolio and passed on to external third parties and are additional to those charged for the provision of MDA Services.

Cross reference to tax

The benefit of any tax deduction passed on to the investor in the form of a reduced fee or cost.

Providing DNR Capital with feedback

At DNR Capital we are committed to providing our customers with the best possible customer service experience. We know that despite our best efforts, occasionally things may go wrong. If that happens, we want you to tell us. Resolution of complaints is a priority to us as it gives us the opportunity to improve our service. Please see contact details on the last page.

How will your complaint be handled?

If we cannot solve your problem on the spot, we will let you know within 24 hours who is handling your complaint and how long it is likely to take for it to be resolved. We aim to resolve all complaints within 5 business days. If this is not possible, we will keep you informed on our progress. If your complaint cannot be resolved promptly, we will take responsibility and work with you to resolve the matter.

If you feel your complaint has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website www.afca.org.au

Email info@afca.org.au

Phone 1800 931 678 (free call)

In writing to Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

Time limits may apply to complain to AFCA and so you should act promptly or otherwise consult the AFCA website to find out if, or when, the time limit relevant to your circumstances expires.

Insurance arrangements

DNR Capital maintain professional indemnity and fraud insurance that complies with the requirements of s912B of the Corporations Act 2001 (Cth).

Privacy

DNR Capital respects your right to privacy and the privacy of your personal information collected in the process of establishing your account with us so that we ensure we can service your needs. Any personal information provided by your or your adviser to DNR Capital will be handled in accordance with our privacy policy. Our privacy policy is available on request from your adviser or from our website.

DNR Capital operates a compliance policy that satisfies the requirements of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth). It is a requirement of this policy that you provide DNR Capital with evidence of your personal identification.

Disclosure of conflicts of interest.

If your portfolio includes managed funds, we may invest your assets in a DNR Capital Managed Fund. We manage this conflict of interest by rebating back to your account the investment management fee paid as part of the investment in that managed investment scheme.

Contact details

DNR Capital

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Custodian

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www.citigroup.com/australia

Financial adviser

Name

Financial adviser/authorised
representative number

License holder

AFSL number

ABN

Address

Phone

Email