

BEST INTEREST DUTY POLICY

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THE AIM OF THIS POLICY

This policy outlines how Insight Investment Partners endeavors to meet the 'Best Interest Duty' requirements for personal advice provided to our clients.

WHO THIS POLICY APPLIES TO

This policy applies to all Representatives of Insight Investment Partners.

When providing personal advice, you are obliged to:

- act in the client's best interests;
- give priority to the client's interests;
- provide appropriate advice; and
- provide relevant warnings as needed.

Compliance with best interests is demonstrated by evidencing that you have followed the seven 'safe harbour' steps (the Seven Steps). When assessing whether you have complied, regulators will consider whether a reasonable advice provider would believe that the client is likely to be in a better position if the client follows the advice (this is assessed at the time the advice is provided).

Documenting how you have applied these requirements is essential for evidencing that you have met your obligations. This will include using, for example, data collection documents, file notes, advice documents, product replacement checklists, etc.

This policy does not address prioritisation of client interests; this is discussed in detail in the Conflicts of Interest section of the Your Responsibilities Policy.

THIS POLICY COVERS

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 - General Obligations
 - The Seven Steps
 - Product Replacement
- What You Must Not Do
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You Must

GENERAL OBLIGATIONS

- Ensure your advice process and recommendations capture the following:
 - A clearly defined scope that is appropriate to the subject matter of advice sought by the client and the client's relevant circumstances.
 - An investigation of the client's relevant circumstances.
 - Assistance given by you to the client, if required, to set and prioritise specific and measurable goals and objectives.
 - Where relevant, consideration of potential strategies and options that are available to the client to meet their objectives and needs.
 - Where relevant, consideration of all aspects of the impact of the advice - for example, tax or social security consequences.
 - Good communication with the client. This includes:
 - providing advice documents that are logically structured and easy to understand; and
 - if appropriate, depending on how the advice is provided, verbal interactions that aim to ensure that the advice and recommendations are understood.
 - Where relevant, strategic and product recommendations that are appropriate for the client's relevant circumstances.
 - Any other factors you have considered in reaching your recommendations with associated documentation in either a file note or advice document.
 - File notes to record all conversations.

THE SEVEN STEPS

Step	Requirement	How you can demonstrate you have met your Best Interests Duty obligations
1	Identify objectives, financial situation and needs of the client disclosed to you through instructions.	You must ensure you collect adequate data about client preferences to meet the 'better position' standard. This must be evidenced in the FPQ, file notes and/or SoA/RoA.
2	Identify subject matter of the advice sought by the client (whether explicitly or implicitly). Identify relevant objectives, financial situation and needs of the client relevant to the advice (the client's relevant circumstances).	You must ensure the subject matter and scope of advice are agreed with the client and set out in the FPQ and/or file notes. You must consider how much the client is willing to pay for the advice and where relevant adjust the scope to be provided in agreement with the client. You must evidence meeting this requirement (with warnings on items from the Subject Matter not covered in Scope) in any SoA/RoA (plus associated file notes).
3	Make reasonable inquiries to obtain complete and accurate information where it is reasonably apparent that information relating to the client's relevant circumstances is incomplete or inaccurate.	You must complete detailed file notes to document the steps you have taken to obtain relevant information to supplement evidence in the FPQ and SoA/RoA. If, after making reasonable enquiries and requests, you still do not have complete and accurate information, you should consider whether you are able to provide the client with appropriate advice. If you believe you can, you must include

		the relevant warning regarding incomplete or inaccurate information in the SoA/RoA. If not, you must decline to provide the advice.
4	Consider whether you have the expertise required to provide on the subject matter sought by the client; if not decline to provide the advice.	If your expertise is at issue, a file note must document that advice was declined and for what reason. If relevant, use the referral process to refer the client to another adviser in line with the Referral Arrangements Policy.
5	Conduct a reasonable investigation into the financial products that might achieve the objectives and meet the needs of the client that would reasonably be considered as relevant to advice on that subject matter. Assess the information gathered in the investigation.	Ensure that you are appropriately accredited (where relevant) for the products you are recommending. Record a comparison of products that may be suitable for your client. Assess the information gathered in the investigation and clearly document in the SoA/RoA how these products will assist your client to achieve their objectives and meet their needs. Use the off-APL approval process where necessary to ensure compliance with best interests duty.
6	Base all judgements on the client's relevant circumstances.	Examples of judgements you make include the scope of advice, strategies to be implemented, strategies considered but discarded, products investigated and recommend, and the means of acquiring those products. Evidence of meeting your obligations must be demonstrated throughout the advice process, including through the FPQ, SoA/RoA and associated file notes. Evidence how the products or service you have recommended clearly link back to the needs and objectives as discussed with the client and recorded by you.
7	Take any other step that, at the time the advice is provided, would reasonably be regarded as being in the best interests of the client, given the client's relevant circumstances.	You must be able to demonstrate (through a combination of the FPQ, SoA/RoA, and associated file notes) that you considered whether: <ul style="list-style-type: none"> there is anything particular to your client's circumstances that would reasonably require you to do or say something additional or extra (including explaining something to the client, asking additional questions or warning of certain risks/limitations). For example, if you are recommending the TTR strategy to a client who is close to 65, you must demonstrate how the client would benefit from such strategy. do any industry best practice or internal policies require additional steps to be taken for the particular client (including explaining, asking or warning the client)? all aspects of the impact of the advice, for example taxation or social security consequences, have been considered and, where relevant, explained/documented.

PRODUCT REPLACEMENT

- Apply these requirements where you are recommending to:
 - draw existing capital from a product to contribute to/invest in another (including from a basic deposit product);
 - redirect regular contributions/savings from one product to another (refer to the FAQs for further detail); or
 - replace an insurance policy.
- Undertake a comprehensive comparison between your client's existing product and the proposed product in order to meet your obligations under Step 5. The Product Replacement Checklists and the advice document templates will guide the information required to make reasonable inquiries. Relevant considerations will include initial, ongoing and exit fees and the features offered e.g. investment options. Care should be exercised when assessing past performance (refer to the FAQs).
- Capture client specific information regarding their existing products; generic information alone will not suffice.
- Assess whether a more appropriate product is available on the Approved Product List (APL) compared with the client's existing products. Your investment product recommendations must be in line with the product approval requirements within the Product Advice Policy.
- Ensure your client is eligible to exercise Super Choice when considering replacing their existing super fund.
- Adhere to additional product replacement requirements for specific products as detailed in the relevant policy e.g. Product Advice, SMSF.

You Must Not

GENERAL OBLIGATIONS

- Provide personal advice to a client where you cannot demonstrate that you have complied with best interest's duty and how the client is likely to be in a better position as a result of your advice.

PRODUCT REPLACEMENT

- Engage in churning i.e. the deliberate reinvestment of a client's funds or re-writing of insurance without a demonstrable, tangible benefit to the client, designed to deliver a financial benefit to the adviser.

FAQ

Question	Answer
How is 'better position' defined?	<p>Placing a client in a better position may not always involve an increase in their wealth. For some clients, depending on their goals/circumstances, a better position could be:</p> <ul style="list-style-type: none"> • improving their understanding of their financial position; • aligning their financial position with their tolerance for risk; • reassurance that no changes are required to their strategy or product holdings as a result of a review; or • increasing their confidence to make better financial decisions such as spending or donating money. <p>Where product recommendations are made, it must be clear that the features of that product:</p> <ul style="list-style-type: none"> • are valued by the client; • are relevant to the client; and • represent something the client is prepared to pay for. <p>The test as to whether your advice placed a client in a better position does not include an examination of investment performance retrospectively, with the benefit of hindsight.</p> <p>Ultimately, better position means that the client receives a material benefit that is relevant to their objectives, financial situation and needs.</p>
I'm recommending a new regular contribution/savings plan to be funded from a client's surplus cash flow. Do the Product Replacement requirements apply?	Although this isn't considered product replacement, as part of best interests you are required to consider the appropriateness of any existing products the client has prior to investigating/recommending an alternative.
What are my options for collecting information in relation to a client's existing products?	<p>You can obtain information on existing products in various ways. This may include one or more of the following:</p> <ul style="list-style-type: none"> • Reviewing the product disclosure statement. • Obtaining written authority from your client authorising the product issuer to provide you with client specific information. • Reviewing your client's latest statement (issued within the past 6 months). • Obtaining general product information from the product issuer (e.g. from their website), or the

	<p>BTFG Research & Strategy page (if the product is on the APL).</p> <ul style="list-style-type: none"> Referring Morningstar for managed funds and Listed Securities, Chant West for super/pension products or iQM+ for insurance policies. You must contact the product provider directly for fee information. Checking if the product category has been benchmarked by research. Where appropriate you must consider the outcomes in your advice. <p>You need to be satisfied that you have all relevant information to provide advice; this may require you to use a combination of these methods. You may like to contact the Research Team for assistance where you encounter difficulty in obtaining information in relation to a product.</p>
My client is unhappy with their existing fund and wants advice to roll-over to a new fund. Do I still have to consider the existing fund and provide a fee comparison and information on lost benefits?	Yes. It's important to understand why your client isn't happy with their existing fund. Firstly, it may be that they don't understand their existing product, or superannuation in general and there is not actually a problem with the existing fund. Secondly, you need to be aware of any problems with the existing fund to ensure the fund you recommend will address those problems.
What about where my client is finishing work and can no longer contribute to their existing fund?	If they can retain their existing account, you should compare the options of rolling over to a new fund and retaining their existing fund. Your SoA should clearly state that the existing fund will not accept further contributions.
What if they must exit their existing fund?	A fee comparison isn't required; but you should consider the lost benefits (for example, insurance) and ensure they are replaced or at least considered when switching to a new fund. You should also ensure your SoA clearly states the basis for your advice.
My client is leaving their current job and starting a new one. They have come to see me about their super. What funds do I need to compare?	Following on from above, you should identify all your client's options, make the comparisons between those options and provide a recommendation. If you recommend an alternative fund, you should provide a comparison between the current fund, the new employer's default fund and the fund you are recommending.
My client is transitioning from accumulation phase to pension phase. Do I need to consider the existing superannuation fund?	Yes. You should identify the impact of any lost benefits (for example, insurance) when exiting the existing fund and consider whether these benefits need to be replaced. You should also consider whether the client has access to a pension product through their existing provider. This is particularly important where they have

	access to a lower cost industry fund option. Where they do have access, you should complete a comparison between this product and your recommended product.
How about if the existing super is with a provider which has many pension products?	In this case you should provide the comparison against at least one of their pension products that may be suitable.
What if the client doesn't have a pension option through their existing provider?	You don't need to provide a fee comparison but you should consider lost benefits. Your SoA should clearly state their existing fund does not have a pension option.
Can I use past performance to support my product replacement recommendation?	Where you compare past performance as a factor contributing to your recommendation, a minimum of 5 years performance figures must be used (i.e. the single figure for the per annum return over the last 5 years). If a product has less than 5 years of performance history, the single figure for the per annum return of the product since inception must be used. You must not use past performance information for products that have less than 12 months of performance history. Comparisons should only be made between products where they have consistent objectives and asset allocations. Where this is not the case, this may involve referring to benchmarking or external research depending on the product being recommended. Performance is not always calculated consistently. Before using past performance information, you must ensure the performance figures you use have the same basis (e.g. is the calculation before or after tax and fees, is the time period for measuring performance the same between products) and must include all limitations and assumptions used.