

Blooms The Chemist Management Services

Commentary Note

Harnessing the power of many

Blooms The Chemist Management Services Ltd is a wholesale service provider and lender for a network of ~85 retail pharmacies. The FY18 financial year was a transformative year for the company in which it acquired the pharmacy partner loan assets of Management Expertise Unit Trust in exchange for 107.88m shares at \$1 a share. BMS raised an additional \$7.55m in share capital as part of the transactions. The acquisition and raise positions Blooms The Chemist to generate further operational efficiencies within the group which it will pass through to both the pharmacies and its shareholders. In FY18, the company, which historically had run on a break-even basis, posted its first profit of \$9.8m and paid its first dividends, two interim dividends of 3.75 cps and 2.25cps, both fully franked, and, post balance, announced a final dividend of 3.0 cps fully franked. The pharmacy group currently commands around 2.7% of the \$16.3b Australian pharmacy sector but appears well-positioned, in our view, to expand its footprint under this supportive structure.

KEY POINTS

Cleaner operational structure — Bloom The Chemist Management Services has transformed its business with the acquisition of the loan assets of Management Expertise Unit Trust. The acquisition, through a share issue of 107.88m at \$1 per share, delivered a new income stream to the group and, in our view, created a cleaner structure for future potential raisings. The share issue to the unitholders of Management Expertise Unit Trust was part of a broader 116.4m share issue in FY18.

Dividend yield play – Historically Blooms The Chemist Management Services has been run on a co-operative like break even basis in order to deliver its pharmacies the best possible cost efficiencies. The acquisition of the loan assets and their income stream adds a new dimension to BMS's earnings, enabling it to pay dividends on a quarterly basis to shareholders. We believe this will make the company a more attractive investment to existing and potential shareholders. As at June 30, 2018, the net asset value per share was \$1.18.

Opportunities to consolidate sector — Almost one third of the Australian pharmacy sector falls outside the main four players and presents an opportunity for further consolidation. Blooms The Chemist Management Services has a stated ambition to grow its footprint and could be expected to be a participant in any future consolidation.

FY18 maiden profit and dividend — Blooms The Chemist Management Services generated a net profit of \$9.86m after applying rebates, a maiden profit for the group which traditionally has not posted profits. This result was posted after sales of \$24m, which included a \$16.17m return on financial assets at fair value. Revenues from marketing levies and membership fees remained consistent with past performances. The company posted its maiden dividend in FY18 with two interim dividends totalling 6.0cps and declaring a final dividend, post balance date of 3.0cps.

Reverse DCF implies modest growth in free cashflows — We have applied a reverse DCF to determine the growth rate implied in the last traded price of \$1.32 a share. Using the company's FY18 EBITDA of \$8m and using a discount rate of 9.8% and terminal growth rate of 2.2%, we calculate that the company would need to grow free cashflow at a compound annual growth rate of 5.5% to achieve the last traded price.

Pharmacy/retailing

16 November 2018

Company Summary

Share price (last traded price)	\$1.32
Shares on issue	116.4M
Market Cap	\$153.7M
Net debt	10.1M
Enterprise Value	\$163.8M
Trading Platforms	PrimaryMarkets.com

Share ownership

Directors and management	~10.6%
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Upside Case

- Highly experienced board and management specialising in pharmacy and retail
- Opportunity to participate in a rapidly consolidating sector
- Loan book adds new dimension to the business

Downside Case

- Pharmacy sector highly regulated and there has been past pressure for government to regulate ownership structures
- Consumers increasingly are buying over the counter medicines and products from supermarkets
- Competing with significantly larger pharmacy chains for pharmacists and retail space

Board of Directors

Chairman	John Thorne
Deputy Chairman	Timothy Sidgreaves
CEO & Director	Phillip Smith
Director	Paul Sharman
Director	Peter Green
Director	John Churchill
Director	David Ratcliffe

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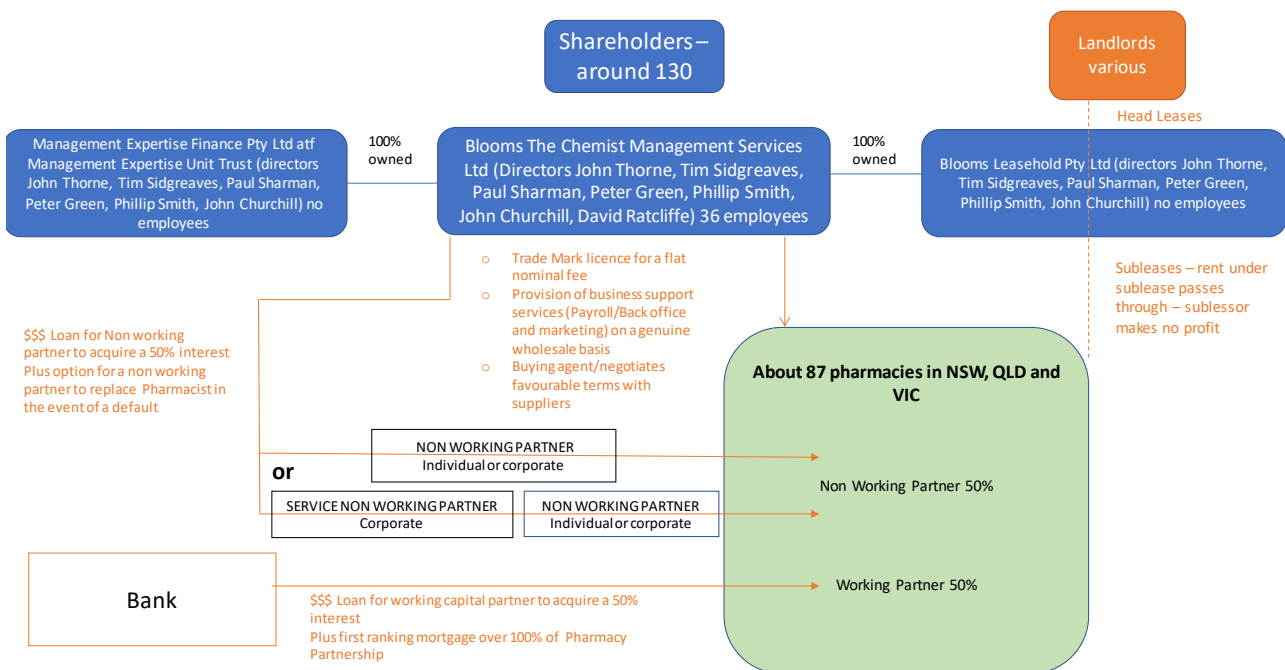
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COMPANY OVERVIEW

What is Blooms The Chemist Management Services?

Blooms The Chemist Management Services is both a wholesale service provider and lender to a network of circa 85 pharmacies in New South Wales, Victoria, Queensland and now Western Australia. The business was founded by a group of pharmacists who wanted to improve their buying power and gain operational efficiencies. Blooms' pharmacy footprint currently constitutes around 2% of the A\$17bn pharmacy retail market. The company does not own the pharmacies but instead lends capital to Consulting Partners to acquire what is usually 50% of the pharmacy. Banks provide loans to the Working Partners. BMS also arranges the head leases on properties and sub-lets to the pharmacies at no cost. Through its member services division, BMS provides business support services such as back office, payroll, marketing and negotiates favourable terms for the group with suppliers. In FY18, this division helped its members increase their annual net profits on average by 20%. We have set out the structure of the group in the Exhibit below. The group essentially works under an informal and undocumented mutual cooperative arrangement which uses BMS to maximise group buying power and generate efficiencies for all Blooms The Chemist Pharmacies.

Exhibit 1: Company structure



A mutual cooperative arrangement using BMS as an assisted service channel to maximise buying power, marketing and operational efficiency among independently owned pharmacies

Source: Company data. N.B. Non-Working Partner was the former name of Consulting Partner.

Company background

Blooms The Chemist had its beginnings in the early 1980s when the current chairman John Thorne together with John Sidgreaves, Jim Mathews and John Mathews joined forces to create a buying group to maximise their purchasing power. In 1988, the company was created to provide operational support to these pharmacies and by the mid-1990s, the "Blooms" brand was formed and the company began licencing pharmacies to use the "Blooms The Chemist" trade mark. Today there are around 85 pharmacies operating under the trademark.

From these beginnings, Blooms evolved into a group of entities, Management Expertise Finance Pty Limited ATF The Management Expertise Unit Trust (Manex), Blooms The Chemist (Leaseholds) Pty Limited

(Leaseholds) and Blooms The Chemist Management Services Ltd (BMS) providing an informal, and previously largely undocumented co-operative style arrangement to the Blooms pharmacies. Under these arrangements, the group has delivered services designed to generate efficiencies, maximise buying power and obtain value for money for all the pharmacies under the umbrella. The operational support BMS and Leaseholds have provided includes:

- Human resources, payroll, finance and administration support
- Marketing and promotional support
- Merchandising support including determining the demand for core merchandise, negotiating terms of trade, and assistance with stock presentation
- IT and communications support
- Business development support
- Assistance in identifying locations/pharmacies suitable for operation as a Blooms pharmacy and in structuring the ownership of these pharmacies.

BMS has also acted as an agent for the pharmacy group by procuring products for resale at bulk discount wholesale rates and collecting rebates on behalf of the pharmacies.

Manex's main role had been to provide acquisition finance to enable Blooms pharmacists to acquire partnership interests in pharmacies and for use as related collateral and to own and manage the loan assets. Manex distributed profits from revenue from the loan assets to the Manex unitholders, a closed group of Blooms pharmacists, key personnel from the Blooms group and their relatives and entities associated with them.

The group's objectives have been to:

- Build and maintain the profitability of Blooms pharmacies
- Drive increased market share and growth for Blooms pharmacies
- Establish a mutually rewarding relationship among Blooms Pharmacies and their proprietors that caters for future growth opportunities and
- Leverage the collective purchasing power of the group from suppliers and wholesalers.

As a consequence, until FY18, BMS and Blooms Leasehold did not make profits or pay dividends to shareholders.

Transformative Restructure

In September 2017, BMS and Manex reached agreement for BMS to acquire the Manex loan assets, which had an assessed fair value of \$139.8m. BMS issued 107.88m shares to the unitholders of Management Expertise Unit Trust as part of a \$116.4m share capital raise. The restructure gives BMS shareholders access to the interest income generated monthly on the loans to Consulting Partners in the pharmacy network and allowed BMS for the first time in FY18 to produce a net profit and declare dividends for its shareholders. The company anticipates that it will be able to pay quarterly dividends from this income stream. In FY18, BMS paid two fully-franked interim dividends, respectively of 3.75 cps and 2.25 cps, and subsequent to balance date, has declared a final dividend of 3.0 cps, fully franked. This has effectively transformed the group into a yield play with its FY18 interim dividends translating into a grossed-up dividend yield of circa 16% on a full year basis.

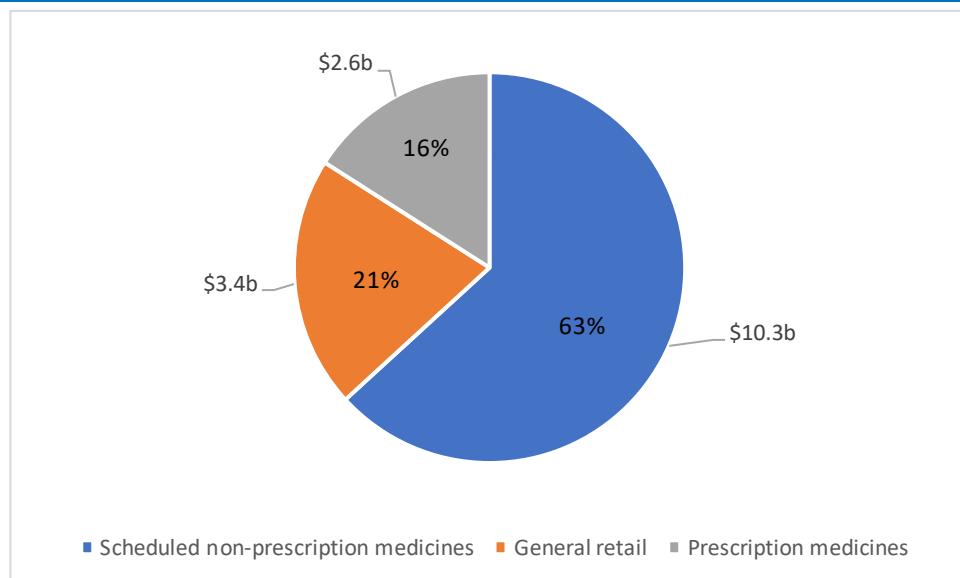
In our view, the cleaner structure will also potentially enable BMS to attract additional new capital for expansion and acquisition opportunities as they present. Although, there are no announced plans from the company on this front.

Australia's Pharmacy Industry

Australia's pharmacy sector generated \$16.3b in revenues and around \$1b in profits in FY17 across more than 5,000 pharmacies. The industry is a mature one, growing at around 0.9% on an annual basis for the last five years and projected to grow at around 1.3% a year until 2022¹.

The industry is highly regulated, both at Federal and State level with the latter setting limits on ownership of the number of pharmacies by any one entity. The Federal Government regulates the industry through the Pharmaceuticals Benefits Scheme, a subsidy system that covers the cost or partial cost of producing and dispensing pharmaceuticals. Around 5,300 different drugs are covered under this system which is set via five-year agreements between the Federal Government and the industry's peak body, the Pharmacy Guild of Australia. Pharmacies and hospitals are currently the only outlets able to dispense prescription medicines, which account for \$2.6b of the industry's \$16.3b in sales. (See Exhibit 2). It is however a segment under pressure with PBS prices falling in recent years, forcing pharmacists to rely more on retail sales and non-prescription medicines.

Exhibit 2: Breakdown of pharmacy industry sales



Source: IBISWorld 2017

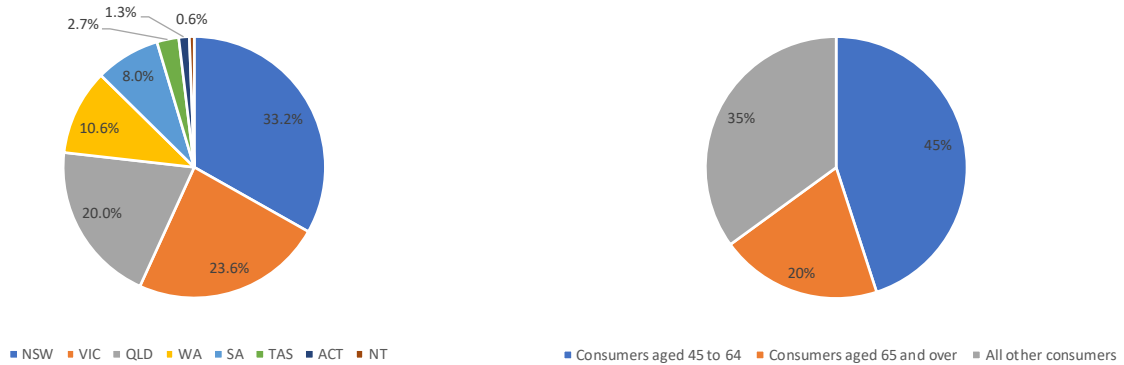
The industry is primarily focused on dispensing medicine and prescription medicine as well as cosmetic and beauty products and general retail products which are in turn sourced from wholesalers, including pharmaceutical wholesalers and manufacturers.

Some of the factors working in the industry's favour include the growing cohort of over 50s in the population and an increasing focus within the population for wellness products. However, some of the factors working against the industry include the growing tendency of consumers to purchase their non-prescription medicines and over the counter products from supermarkets, online retail growth in cosmetic and beauty products and the growth of discount pharmacy chains in Australia.

We have set out the distribution of the industry by state and customer age in the following two exhibits. From BMS's perspective, its exposure on a geographic basis is to NSW, Victoria and Queensland, suggesting an opportunity for it to expand into other regions.

¹ IBISWorld Industry Report, Pharmacies in Australia, November 2016

Exhibit 3: Pharmacy distribution by state (percentages) Exhibit 4: Pharmacy customer base by age



Source: IBISWorld 2016 report

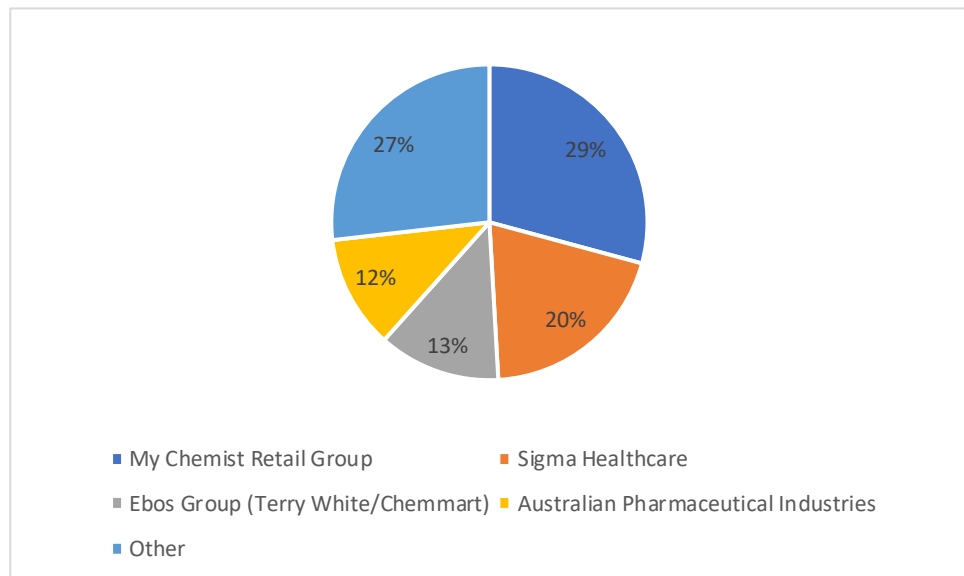
Source: IBISWorld 2016 report

Industry breakdown

There are currently four major industry players in the Australian Pharmacy Sector, three of which are listed.

The largest group by turnover and stores is the currently privately held **My Chemist Retail Group** which operates under the Chemist Warehouse and My Chemist banners. This group has expanded rapidly over the past five years, growing from an estimated \$1.8bn in total sales in FY12 to an estimated \$3.2bn in FY17 according to IBISWorld. It is composed of various partnerships and alliances between individual pharmacists, running two models – the large-scale discount pharmacy group, Chemist Warehouse, and the My Chemist group which focuses on health and beauty product sales. Both banners utilise the group’s ePharmacy e-commerce and mail order banner. IBISWorld estimates that it holds almost 30% of the Australian Pharmacy Market by turnover.

Exhibit 5: Breakdown of industry players



Source: IBISWorld 2016 report, RaaS Analysis

Sigma Healthcare (SIG.ASX) owns several pharmacy banners including Amcal, Guardian Family Care, PharmaSave, Chemist King and Discount Drug Stores. The group has more than 700 pharmacies in its footprint and is focused on providing full-line wholesaling operations and support services to them. IBISWorld estimates that SIG’s market share is just under 20%.

Ebos Group (EBO.NZX), has emerged as the third largest player in the Australian market with around 12.5% share following the merger of its Chemmart with Terry White Chemists in 2017. Ebos generates revenue from both healthcare and animal care in both Australia and New Zealand. Combined pharmacy revenues in Australia following the Terry White merger were around \$2.2b.

Australian Pharmaceutical Industries (API) is a health and beauty company with three core business units: pharmacy distribution, consumer brands and retailing. It operates the Priceline Pharmacy, Soul Pattinson and Pharmacist Advice banners in Australia. IBISWorld estimates its share is around 11.6%.

Blooms The Chemist’s pharmacies generate around \$450m a year collectively, putting it around 2.7% of the total market.

Productivity commission report recommendations

In its August 2017 report, Shifting the Dial, the Productivity Commission made several broad recommendations for the pharmacy industry including:

- Promoting the automated dispensing of prescriptions
- Trialling automated technologies in rural areas where access is limited and
- Moving retail pharmacy into an integrated care system.

It is on this third point that BMS has made some progress with a trial of its initiative Local GP Direct at its Penrith pharmacy and plans to roll this out to other centres. This brings local general practitioners closer to the community pharmacy and extends the group’s wholistic approach to its customers.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

In our view, the strengths and opportunities outweigh the weaknesses and threats.

Exhibit 5: SWOT Analysis	
STRENGTHS	WEAKNESSES
Stable experienced board and management team, specialising in both pharmacy and retail	Highly regulated market
High barriers to entry – only pharmacies and hospitals can dispense prescription medicines	Small player in a rapidly consolidating market
The industry is protected under the Sixth Community Pharmacists Agreement negotiated by the Pharmacy Guild and the Federal Government	Ongoing reforms in the Pharmaceutical Benefits Scheme have cut the cost of PBS medicines and put greater focus on retail revenue (hence in direct competition with supermarkets and department stores)
Streamlined structure delivers a high ROI for investors which will be paid in quarterly dividends	Pharmacy ownership rules (governed by State laws) challenge players’ ability to expand
Stable industry growth historically and forecasted. Particularly as the industry has a non-discretionary bias	
Demographic shift favours pharmaceutical consumption growth	
OPPORTUNITIES	THREATS
Footprint is only in four states, opportunity to expand into SA, NT, TAS and within existing regions	Supermarket chains continue to push government for access to PBS and pharmacy ownership
Streamlined structure should improve attractiveness to potential investors looking for strong ROIs	New entrants such as Ramsay Health Care will potentially take market share, particularly mature customers
Opportunity to expand its Local GP Direct service across the group	Discount pharmacies such as Chemist Warehouse are eroding pharmacy revenue streams and profit margins Larger banner groups may erode Blooms ability to attract pharmacists

Source: RaaS Advisory

Sensitivities

Blooms’ ability to expand and growth will be predicated somewhat on the regulatory environment for pharmacies. The industry is heavily regulated by both Federal and State legislation and subject to high barriers to entry but is also dependent on the ability of The Pharmacy Guild of Australia to successfully

negotiate the industry's position with the federal government, particularly on the amounts that pharmacies can charge for prescription medicine. Other key risks include:

- Default risk of borrowers. Having acquired the loan assets of Manex, BMS has also taken on the risk of default on the loans and this could impact on revenue and profitability. The company notes in its August 2017 information memorandum that it believes that defaults and potential future defaults have been adequately provisioned for. In the company's 2018 annual report, bad and doubtful debt expense was \$158,000 for FY18 versus \$74,000 in FY17.
- Interest rate risk. Rising interest rates could impinge on consumer discretionary spending, impact on borrowers' ability to repay the loans and impact on BMS's ability to repay its own debt (\$10.0m in FY18).

Board and Management

The board is made up of predominantly pharmacist directors, led by founder John Thorne.

Board

John Thorne, Director and Chairman, has been chairman since 2010 and as previously noted is one of the founders of the company. He has partnered in many Blooms The Chemist pharmacies since including in Queanbeyan, Surry Hills, Cronulla, and Miranda.

Tim Sidgreaves, Director and Deputy Chairman, joined the board as a pharmacist Director in 1995. He is the son of the late John Sidgreaves who was a driving force in the creation and growth of the business and a long-time chairman. Tim is a partner owner of the Blooms pharmacy in Cronulla.

Phillip Smith, CEO and Director, joined the board as executive director in 2012. He was appointed CEO in July 2012. Phillip brings an extensive career in retailing to his role, including store operations, merchandise, marketing, supply chain, human resources and change management. Previously Phillip was Chief Executive Officer at Fletcher Jones, Group General Manager of API Retail, overseeing the pharmacy and retail brands, Priceline, Priceline Pharmacy, House and Price Attack, and Managing Director of Myer Grace Bros' department store group.

Paul Sharman, Director, is a pharmacist Director who joined the board in 2001. In addition to his career as a community pharmacist, Paul held the position of National Brand Marketing Manager at Soul Pattinson Chemists for several years. He became a partner owner of Blooms Pharmacy in Coogee in 1998 and partner owner of Blooms Orange in 2013.

Peter Green, Director, has been a partner owner of several Blooms The Chemist pharmacies including Surry Hills, Queanbeyan, Riverstone, Blacktown, Penrith and Maitland. He joined the board as a pharmacist director in 2007.

John Churchill, Non-Executive Director, has served on the board since 2012. He is also currently Chairman of CEO Circle Mentor Group and NED of The Hour Glass (Australia) Pty Ltd. He brings a diverse background in company leadership and management, corporate advisory, strategic counsel and advocacy. Previously John was the chairman of PriceWaterhouseCoopers Legal in Australia and Managing Partner of Dunhill Madden Butler, Solicitors. He previously was Executive Chairman of Woodhead Architects, Chairman of Staging Connections Group Ltd and NED of both Australian Executor Trustees Ltd and Canada Stationery Ltd.

David Ratcliffe, Non-Executive Director, joined the board in October 2018. He is also a director of Access Accounting Solutions Pty Ltd and was previously a partner of BDO Chartered Accountants and PKF Chartered Accountants for 24 years.

Management

Jason Blanchard, Chief Operating Officer, was appointed to his position in October 2018, having previously served as General Manager Operations for more than five years. Jason has extensive experience in retail pharmacy, big box retailer and discount department stores in companies such as Woolworths, Big W, Best & Less and Priceline, where he was instrumental in the growth of the Priceline Pharmacy network as Priceline’s NSW State Manager.

Andrew Crawford, Chief Financial Officer, was appointed to his position in September 2018, having acted in the role since September 2017. He brings more than 20 years’ experience as a chartered accountant with long stints at Kidmans Chartered Accountants and Altus Financial.

Pamela Bishop, General Manager Merchandising and Marketing, was appointed to her position in June 2016 but has led the merchandising team since 2010 and been with group in retail marketing and merchandising roles for more than 12 years. She leads a team of 16 professionals responsible for category management, procurement, B2C marketing and commercial insights. Pamela is also co-project lead on the company’s expansion plans into the Chinese market. Prior to joining BMS, Pamela worked for several years with Phelans Pharmacy Group in Ireland as a dispensary technician and retail pharmacy assistant.

Martin Olds, General Manager Information Technology, has been with BMS for more than five years and brings more than 20 years’ information technology experience across retail pharmacy, government, technology and finance sectors. Martin also is co-project lead on the company’s expansion plans into the Chinese market.

Emmanuel Vavoulas, Ethical Buyer, is also Blooms The Chemist pharmacist partner. In his role as the group’s ethical buyer, Emmanuel primarily looks at ways to maximise dispensary profit through favourable terms, identifying alternative income streams other than dispensing and keeping ahead of market trends.

Mathew Ward, Investor Relations Manager, has been with the company since 1995 and, as a consequence has a deep understanding of the company, its vision and its role in the Australian pharmacy industry.

Listed peer comparison

As we have previously discussed, three of the industry’s four largest pharmacy groups are listed, API, EBO.NZX, and SIG. They each have additional earnings streams not generated from retail pharmacies. As the following exhibit sets out, the three peers are trading on a median Price to Earnings ratio of 14.7x (largely in line with the broader share market and on a median EV/EBITDA ratio of 9.7x.

Exhibit 6: Peer Comparison

Company	Code	Share price	Market cap	Enterprise value	Revenue	EBITDA	NPAT	EPS	P/E	EV/EBITDA
Australian Pharmaceutical Industries	API.ASX	1.56	760.8	803.2	4035	82.4	48.1	0.106	14.7	9.7
Ebos Group	EBO.NZX	20.70	3,158	3,629	7609	237.6	149.6	0.985	21.0	15.3
Sigma Healthcare	SIG.ASX	0.515	540	720	4213	83.7	55.1	0.052	9.9	8.6
Median									14.7	9.7

Source: Thomson Reuters, Bloomberg, Company reports * Share prices as at 8 November 2018

We don’t see these multiples as applicable to Blooms The Chemist Management Services given it operates under more of a co-operative style model.

Reverse DCF

We have conducted a reverse DCF on the last traded price of Blooms The Chemist Management Services Ltd to determine what growth rates are implied in the price. We have applied a discount rate of 9.8% (beta 1.2 and terminal growth rate of 2.2%) and, utilising the company's FY18 reported EBITDA, have determined that free cashflows need to grow at 5.5% per year for the next 10 years to FY27 in order to achieve a share price of \$1.32 a share.

Exhibit 7: Discounted cashflow summary (in \$m unless otherwise stated)

Discount Rate / WACC	9.8%
Beta	1.2
Terminal growth rate assumption	2.20%
Sum of PV	79.1
PV of terminal Value	84.7
PV of Enterprise	163.9
Net debt	10.1
Net Value - Shareholder	153.8
No of shares on issue (m)	116.4
NPV (\$)	1.32

Source: RaaS Analysis

Exhibit 8: Blooms The Chemist Management Services Profit & Loss Statement (in \$m unless otherwise stated)

Year ended June 30	2016	2017	2018
Marketing levy	1.7	1.69	1.661
Membership fee	3.02	3.01	3.499
Retail study tours revenue	1.75	1.28	2.44
Return on financial assets at fair value	0.56	0.28	16.17
Other revenue	0.58	0.60	0.61
Total Revenue	7.61	6.85	24.38
Employment	3.91	4.80	6.29
Advertising and promotion	3.08	3.64	2.82
Retail study tours	2.01	0.73	3.10
Other costs	1.94	3.05	4.12
Total Expenses	10.94	12.23	16.33
EBITDA	(3.33)	(5.37)	8.05
Depreciation and amortisation	0.01	0.05	0.14
EBIT	(3.34)	(5.42)	7.91
Finance costs	(0.46)	(0.42)	(0.39)
Net Profit before tax	(3.80)	(5.84)	7.52
Rebates utilised for growth activities	3.80	5.84	6.54
Income tax			(4.19)
NPAT	(3.80)	(5.84)	9.86

Source: Company annual reports

Exhibit 9: Blooms The Chemist Management Services Cashflow Summary (in \$m unless otherwise stated)

Year ended June 30	2016	2017	2018
Operations	(0.0)	0.4	(1.7)
investing	(0.0)	(0.4)	(6.6)
Financing	0.4	0.4	3.2
Net change in cash	0.4	0.4	(5.1)
Cash/equivalents beginning of year	(0.7)	(0.3)	0.1
Cash/equivalents end of year	(0.3)	0.1	(5.0)

Source: Company annual reports

Exhibit 10: Blooms The Chemist Management Services Balance Sheet (in \$m unless otherwise stated)

Year ended June 30	2016	2017	2018
Cash	0.00	0.28	0.024
Trade and other receivables	5.88	4.54	14.564
Other	0.74	2.93	2.745
Total Current Assets	6.62	7.76	17.33
Financial assets at fair value	3.05	3.05	142.855
PPE	0.02	0.37	0.66
Intangible	0.00	0.00	0.711
Deferred tax	0.21	0.42	0.323
Other	0.00	1.02	0.000
Total Non Current	3.28	4.85	144.55
Total Assets	9.90	12.61	161.88
Trade and other payables	2.99	6.05	2.272
Borrowings	0.30	0.33	8.755
Income tax	0.02	0.23	3.237
Other	3.56	2.70	0.578
Total Current Liabilities	6.86	9.31	14.84
Borrowings	3.00	3.24	1.329
Other non current liability	0.03	0.06	0.112
deferred tax	0.00	0.00	7.89
Total Non current liabilities	3.03	3.30	9.33
Total Liabilities	9.89	12.61	24.17
Net Assets	0.00	0.00	137.71
Equity			
issued Capital	0.00	0.00	116.423
Contributed Equity		0.00	18.41
Retained profits	0.00	0.00	2.876
Total Equity	0.00	0.00	137.71
Net debt	3.29	3.29	10.06
Net working capital	2.89	1.43	15.04
% of revenue	38.0%	20.9%	61.7%

Source: Company annual reports

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FINANCIAL SERVICES GUIDE

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of

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Effective Date: 1st November 2018

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- our services
- how we transact with you
- how we are paid, and
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What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns a fee from companies for providing a research report and/or a financial model on the company, for dealing in its securities or for assisting in raising capital. You don’t pay anything.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS’s representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR’s internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren’t satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

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

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

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