



Pursuant to the Securities Markets Act 1988 and the Securities Markets (Investment and Brokers) Regulations 2007

## Forsyth Barr Limited Firm Disclosure Statement

### 1. Disclosure of Forsyth Barr Limited

#### 1.1 Disclosure

Forsyth Barr Limited, Forsyth Barr House, The Octagon, Dunedin 9054, (03) 477 7464 provides you with this Disclosure Statement.

#### 1.2 Experience

Forsyth Barr Limited was established in 1936 and has operated in the sharebroking and investment advisory industry since that time.

#### 1.3 Qualifications

Forsyth Barr Limited became a foundation New Zealand Exchange (NZX) Firm in 2002 when the New Zealand Stock Exchange demutualised. Prior to demutualisation, Forsyth Barr Limited was a member of the New Zealand Stock Exchange since 1936. As an NZX Firm Forsyth Barr Limited must report to NZX daily. Forsyth Barr Limited is subject to regular and/or random visits by NZX Inspectors. Forsyth Barr Limited must also ensure it deals with clients/trades in the manner provided for in the NZX Participant Rules.

Forsyth Barr Limited keeps its knowledge up to date via subscriptions to relevant financial services industry publications and attendance at relevant courses and conferences.

Forsyth Barr Limited ensures all its Investment Advisors attain, as a minimum qualification, accreditation as an NZX Advisor or NZX Associate Advisor. Until such time as a Forsyth Barr Limited Investment Advisor attains accreditation as an NZX Advisor or NZX Associate Advisor, all investment advice given by the Investment Advisor is supervised by an accredited NZX Advisor.

#### 1.4 Membership of a Relevant Professional Body

Forsyth Barr Limited is a member of the relevant professional bodies:

- ▶ New Zealand Exchange Limited (NZX)
- ▶ Securities Industry Association (SIA)

#### 1.5 Criminal Convictions and Related Matters

Neither the Directors, the Chief Executive Officer, the Chief Financial Officer, or any of the Investment Advisors of Forsyth Barr Limited have, during the previous five years:

- been convicted of an offence under this Act or the Securities Act 1978, or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961); or
- been a Principal Officer of a body corporate, if a body corporate committed an offence referred to in paragraph (a), when the body corporate committed the offence; or
- been adjudicated bankrupt; or
- been prohibited by an Act or by a court from taking part in the management of a company or a business; or
- been a party to any successful court action, the subject of an adverse finding by a court, tribunal, or disciplinary body in any proceeding that has been taken against the investment adviser in the adviser's professional (or other business) capacity; or
- been expelled from, or has been prohibited from being a member of, a professional body; or
- been placed in statutory management or receivership.

#### 1.6 Remuneration

Forsyth Barr Limited's remuneration takes the form of:

- ▶ Brokerage on buying and selling Securities, for example, shares, fixed interest or new issues
- ▶ Upfront and trail commissions, from product and service providers and managed fund providers, for referring investors to them
- ▶ Invoiced fees, either at a fixed rate for services or based on the value of an investor's funds

All Forsyth Barr Investment Advisors are employed by Forsyth Barr Limited. Our Investment Advisors receive performance-based remuneration consisting of a salary and bonuses, based on the level and type of revenue generated by their respective endeavours. Forsyth Barr Investment Advisors can receive up to 48% of the revenue generated by them depending on the type of revenue.

Details of the usual fees and other charges received by Forsyth Barr Limited are set out below in Table 1. Forsyth Barr Limited may alter its fees and charges from time to time by reference to and as a reflection of the market for services provided such as these.

#### 1.7 Related Parties

Forsyth Barr Limited, and its Investment Advisors, will sell products and services issued by Related Parties from time to time. Forsyth Barr

Limited will be paid up to 100% of the fees, profits and commissions received by the Related Parties for referring clients to these products and services as set out above. Forsyth Barr Investment Advisors can receive up to 48% of the revenue received by Forsyth Barr Limited from these activities with Related Parties.

The Related Parties, who are all members of the Forsyth Barr Group of companies, are as follows:

- ▶ Forsyth Barr Funds Management Limited, issuer of all unit trusts offered via the Forsyth Barr Investment Funds
- ▶ Forsyth Barr Cash Management Limited, issuer of the Forsyth Barr Cash Management Trust and Forsyth Barr Cash Management - Debt Security
- ▶ Forsyth Barr KiwiSaver Limited, manager and promoter of the Forsyth Barr KiwiSaver Scheme
- ▶ Leveraged Equities Finance Limited, provider of margin lending services

#### 1.8 Other Interests

Forsyth Barr Limited receives revenues in the form of management fees, advisory fees and commissions in relation to public offerings, capital raisings and corporate activity, of up to 3% of the dollar value of the transaction or capital raised, and including occasions where Forsyth Barr Investment Advisors have provided advice to clients in relation to these activities.

Forsyth Barr Group Limited receives revenues in the form of underwriting and firm commitment fees in relation to public offerings, capital raisings and corporate activity, of up to 3% of the dollar value of the transaction or capital raised, and including occasions where Forsyth Barr Investment Advisors have provided advice to clients in relation to these activities.

#### 1.9 Range of Investment Advice Given

Forsyth Barr Limited gives investment advice on the following types of services and Securities:

- ▶ Sharebroking and Public Offerings
- ▶ Derivatives
- ▶ Shares, Fixed Interest and Currency
- ▶ At Call and Term Investments
- ▶ Managed Funds, Unit Trusts and PIE Funds
- ▶ Superannuation and Savings Schemes
- ▶ Portfolio Advice and Portfolio Management
- ▶ Margin Lending
- ▶ Investment Banking and Corporate Advice

### 2. Money Handling Procedures

These disclosures are made on behalf of Forsyth Barr Limited, its Directors and Principal Officers who act for and on behalf of Forsyth Barr Limited jointly and severally:

#### 2.1 Payment or Delivery of Investment Money

Unless otherwise advised at the time of the transaction, payments should be made by cheque payable to "Forsyth Barr Limited - Client Funds Account" (crossed "Not Transferable") or by direct debit to our bank account, in the currency requested. Payments not made by the prescribed settlement date may be subject to interest charges in accordance with our Client Service Agreement. We reserve the right to refuse payment by you where such payment is tendered in 'cash'. Should we accept an amount tendered in 'cash', you accept that any bank charges which we incur may be charged to your account. For the purposes of the Financial Transaction Reporting Act 1996, where payment of an account is tendered in 'cash' or by cheque, where the name on the cheque does not correspond with the name of the account to be credited, the payment must be accompanied by copies of two forms of suitable identification.

#### 2.2 Security Certificates

Security certificates or any other valuable property or documents should be posted or delivered to Forsyth Barr Limited, 9<sup>th</sup> Floor, Forsyth Barr House, The Octagon, Private Bag 1999, Dunedin, telephone (03) 477 7464, or other Forsyth Barr offices. If relevant documents are not delivered by the settlement date prescribed for a transaction, you may incur late delivery penalty fees as set down by the relevant stock exchange.

#### 2.3 Investment Money

Investment money received from you or on your account will be held for you on trust in our Client Funds Account until it has been disbursed

to settle transactions or otherwise distributed in accordance with your instructions.

In the process of transactions, investment money may be held by Forsyth Barr Limited and/or Forsyth Barr Limited's agents in other countries pending delivery of Securities or settlements.

You may choose to invest any investment money, sale proceeds, or money payable to you into cash management services provided by Forsyth Barr Cash Management Limited, which is available to settle security transactions.

With the following exceptions, Forsyth Barr Limited cannot use investment money or property for the benefit of anyone other than you:

- ▶ Investment money paid to us by you or investment money held by us for your pending investment, reinvestment, payment to you, or for any other reason, may attract interest from the bank where it is deposited. Such interest will be retained by us
- ▶ The payment of fees as agreed with you
- ▶ If you fail to pay any fees and charges owed by you to us, we may use your investment money held in our client funds account for you or the proceeds of any sale of your Securities to satisfy those fees and charges
- ▶ Where investment money is to be paid out by Forsyth Barr Limited, payments are made to a bank account in the registered name of the seller or transferee unless written instructions to the contrary are provided to Forsyth Barr Limited, or by non-transferable cheque in the registered name of the seller or transferee posted to the registration address

#### 2.4 Holding of Property

Any investment property you require Forsyth Barr Limited to hold on your behalf should be delivered to Forsyth Barr Limited's offices at Forsyth Barr House, The Octagon, Dunedin 9054. Any investment property held by Forsyth Barr Limited cannot be used for the benefit of Forsyth Barr Limited, any Forsyth Barr Limited Investment Advisor, or any other person except you.

Once buy transactions have been settled, Securities will either be registered in your name or on your request in the name of a person nominated by you or, in the name of a custodian company. When Securities are registered in the name of a custodian company, they will be held by that custodian company as bare Trustee on trust for you until we receive instructions from you either to sell the Securities or to transfer the Securities into your name or to a person nominated by you.

When you request us to sell Securities we will not transfer those Securities until they have been sold and a sale Contract Note is generated in your favour. The proceeds from your sale transactions are held on trust for you in our Client Funds Account until they are disbursed in accordance with your instructions.

Investment property received from you will be held on trust for you until it is disbursed in accordance with your instructions.

#### 2.5 New Zealand Exchange Limited (NZX) Inspection

Forsyth Barr Limited is an NZX Firm. NZX Firms are governed by its rules and regulations to ensure that client assets are not placed at risk from the business activity of NZX Firms. We are required to report to NZX daily. We are also subject to regular and/or random visits by NZX Inspectors.

#### 2.6 Accounting Records

Forsyth Barr Limited keeps a full set of accounting records showing the receipt and disbursement of all funds and the movement of all Securities. You may request details of your own transactions, investment money and property at any time. Information for the current and preceding year is usually available on the same day. Information prior to this may take up to 10 business days to be available from storage. A fee may be charged for requests involving information retrieved from storage.

The receipt, holding, disbursement and distribution of your investment money and property will be audited by Deloitte, Chartered Accountants, who are qualified auditors, in the course of their audit of Forsyth Barr Limited.

### 3. Professional Indemnity Insurance

Forsyth Barr Limited and its employees, including all Forsyth Barr Investment Advisors, are covered by professional indemnity insurance provided by American Home Assurance Company. Forsyth Barr Limited considers, after obtaining advice from its insurers, that its professional indemnity insurance is adequate, given the size and nature of Forsyth Barr Limited's business.

### 4. Dispute Resolution Procedures

If you have a complaint, in the first instance you should speak to your Investment Advisor. Forsyth Barr Limited and all Forsyth Barr Investment Advisors undertake to quickly and satisfactorily resolve the complaint, but in the event you are not satisfied, please put your complaint in writing to:

The Compliance Manager  
Forsyth Barr Limited  
PO Box 97  
Auckland 1140

Alternatively you may also direct any complaints you may have in writing to:

NZX Regulation  
PO Box 2959  
Wellington

Table 1. Revenue Type	Range
Brokerage (secondary market)	0.0% - 1.5% of the dollar value transacted subject to a minimum brokerage charge of \$60.
Trade fees	\$0 - \$4.95 per secondary market order transacted.
Overseas trade charges	0.0% - 3.0% of the dollar value transacted is payable to overseas agents executing transactions on our behalf. These charges are not retained by Forsyth Barr Limited.
New issue brokerage	0.0% - 3.0% of the dollar value transacted.
Fees and commissions for fixed interest, currency exchange, managed funds, PIE funds and unit trusts (including the products and services offered by Related Parties disclosed in Section 1.7), and margin lending including trail commissions from the Related Party (refer Section 1.7)	0.0% - 3.0% of the dollar value transacted.
Portfolio management, advisory and custody fees	0.0% - 1.5% per annum of the dollar value of the funds managed, advised on or held in custody subject to minimum annual individual account fees of \$1,500 for portfolio management, \$1,000 for advisory, or \$250 for custody-only accounts.
Fees for services provided to The Thinking About Tomorrow Retirement Fund	0.0% - 1.5% per annum of the dollar value of the funds managed.
Fees, profits and commissions from Related Parties and Other Interests (refer Section 1.7 and Section 1.8)	Up to 100% of the fees, profits and commissions received by Related Parties (refer Section 1.7), and 100% of the fees, profits and commissions from activities associated with Other Interests, may be paid to Forsyth Barr Limited.