

## Primary Disclosure Statement Authorised Financial Adviser

19 June 2017

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| <b>Name and Registration Number of Authorised Financial Adviser:</b> | Barry James Lindsay, FSP50301   |
| <b>Address:</b>  | C/- First NZ Capital Securities Limited, Level 14,<br>171 Featherston Street, Wellington 6140 |
| <b>Trading Name:</b>   | First NZ Capital Securities Limited   |
| <b>Telephone Number:</b>   | 04-496-5341   |
| <b>Fax Number:</b>   | 04-496-5311   |
| <b>Email Address:</b>  | <a href="mailto:barry.lindsay@fnzc.co.nz">barry.lindsay@fnzc.co.nz</a>                        |
| <b>This disclosure statement was prepared on:</b>                    | 19 June 2017  |

### It is important that you read this document

This information will help you to choose a financial adviser that best suits your needs. It will also provide some useful information about the financial adviser that you choose.

In addition to the information that I must disclose to you in this statement, I must also disclose other information to you in a separate disclosure statement (or statements), including information about the types of services that I provide, the fees that I charge, and any actual or potential conflicts of interest. If I have not provided that information to you at the same time as I give you this statement, I must provide it to you as soon as I can.

### What sort of adviser am I?

I am an Authorised Financial Adviser. This means I have been authorised by the Financial Markets Authority (the government agency that monitors financial advisers) to provide the financial adviser services described below.

### How can I help you?

I have been authorised to provide you with financial adviser services of the following categories:

A) Financial Advice in relation to:

- Category 1 products (including a FMCA financial product, a Discretionary Investment Management Service (DIMS) and an investment-linked contract of insurance); and
- Category 2 products (including a bank term deposit, a bonus bond, a call building society share, a call credit union share, a call debt security, a share in a co-operative company, a unit in a cash or term portfolio investment entity, a consumer credit contract within the meaning of the Credit Contracts and Consumer Finance Act 2003, a contract of insurance (other than an investment-linked contract of insurance), and a life insurance policy issued before 1 January 2009).

**When I do this, I will be able to give you advice and/or provide a service about:**

- Financial products provided by only 1 organisation.
- Financial products provided by a small number of organisations (2 to 5 organisations).
- Financial products provided by a broad range of organisations (more than 5 organisations).

**How do I get paid for the services that I provide to you?**

| Payment Type   | Description  |
|--|--|
| <input type="checkbox"/> Fees only                                       | My services are only paid for by the fees you pay. I do not receive payments from other people or organisations that might influence my advice.      |
| <input checked="" type="checkbox"/> Fees                                 | My services are paid for by the fees that you pay as well as in other ways.  |
| <input checked="" type="checkbox"/> Commissions                          | There are situations in which my employer will be paid by other organisations. How much that payment will be depends on the decisions that you make. |
| <input checked="" type="checkbox"/> Extra payments from my employer      | I may receive extra payments from my employer depending upon the decisions that you make.  |
| <input type="checkbox"/> Non-financial benefits from other organisations | Other organisations may give me/my employer/my employer and me non-financial benefits depending on the decisions that you make.                      |

I am required to tell you the specific fees, commissions, extra payments, and other benefits that I have received or will, or may, receive in relation to the services that I provide to you. I must tell you these things before I give you advice and/or provide a service or, if that is not practicable, as soon as practicable after I give you that advice and/or provide that service.

**What are my obligations?**

As an Authorised Financial Adviser, I must comply with the Code of Professional Conduct for Authorised Financial Advisers. I also have other obligations under the Financial Advisers Act 2008 (including regulations made under that Act) and under the general law.

## What should you do if something goes wrong?

If you have a problem, concern, or complaint about any part of my service, please tell me or my employer (First NZ Capital Securities Limited, Attention: Compliance Officer), so that we can try to fix the problem.

If we cannot agree on how to fix the issue or if you decide not to use the internal complaints scheme you can contact Financial Services Complaints Limited. This service will cost you nothing, and will help us resolve any disagreements. You can contact Financial Services Complaints Limited at:

**Address:** PO Box 5967  
Lambton Quay  
Wellington 6145

4th Floor  
101 Lambton Quay  
Wellington

**Telephone number:** (freephone) 0800 347257 or (Wellington) (04) 472FSCL (472 3725)

**Email address:** [info@fscl.org.nz](mailto:info@fscl.org.nz)

## If you need to know more, where can you get more information?

If you have a question about anything in this disclosure statement or you would like to know anything more about me, please ask me.

If you have a question about financial advisers generally, you can contact the Financial Markets Authority.

## How am I regulated by the Government?

You can check that I am a registered financial services provider and an Authorised Financial Adviser at <http://www.fspr.govt.nz>

The Financial Markets Authority authorises and regulates financial advisers. Contact the Financial Markets Authority for more information, including financial tips and warnings.

You can report information or complain about my conduct to the Financial Markets Authority, but in the event of a disagreement, you may choose to first use the dispute resolution procedures described above (under **What should you do if something goes wrong?**).

## Declaration

I, Barry James Lindsay, declare that, to the best of my knowledge and belief, the information contained in this disclosure statement is true and complete and complies with the disclosure requirements in the Financial Advisers Act 2008 and the Financial Advisers (Disclosure) Regulations 2010.

Signed:

## Secondary Disclosure Statement Authorised Financial Adviser

19 June 2017

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| <b>Name and Registration Number of Authorised Financial Adviser:</b> | Barry James Lindsay, FSP50301   |
| <b>Address:</b>  | C/- First NZ Capital Securities Limited, Level 14,<br>171 Featherston Street, Wellington 6140 |
| <b>Trading Name:</b>   | First NZ Capital Securities Limited   |
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| <b>Email Address:</b>  | <a href="mailto:barry.lindsay@fnzc.co.nz">barry.lindsay@fnzc.co.nz</a>                        |
| <b>This disclosure statement was prepared on:</b>                    | 19 June 2017  |

### What is this Secondary Statement for?

I am an Authorised Financial Adviser under the Financial Advisers Act 2008, and am employed by First NZ Capital Securities Limited ("First NZ Capital").

As an Authorised Financial Adviser, I am required to provide you with both a Primary Disclosure Statement and a Secondary Disclosure Statement. This Secondary Disclosure Statement provides further information in relation to:

- the financial adviser services provided by me and the products in relation to which those financial adviser services are provided;
- the fees that First NZ Capital may charge you in relation to those financial adviser services;
- the remuneration and other financial benefits that First NZ Capital may receive from third parties in relation to those financial adviser services; and
- any other financial or other interest, relationship or association that may be relevant.

### What professional and business experience do I have?

I have been employed by First NZ Capital since October 2002 and have been working in the financial advice industry for over 30 years.

I attained Unit Standard Sets B and D and deemed to have obtained by an alternative qualification or designation Unit Standard Sets A and C within the National Certificate in Financial Services (Financial Advice) (Level 5).

The tertiary qualifications that I have obtained that are relevant to the performance of my service as a financial adviser are: Bachelor of Commerce (BCom) in 1974; and Chartered Accountant (CA) in 1976.

As an Authorised Financial Adviser, I am a member of the following Professional Bodies: NZX Limited, accredited NZX Adviser; New Zealand Institute of Chartered Accountants; Institute of Directors New Zealand Inc.; and Institute of Finance Professionals New Zealand Inc. (INFINZ).

### What types of financial adviser services do I provide to you, and for which financial products?

I am authorised to provide the following types of financial adviser services through my employment with First NZ Capital:

A) Financial Advice in relation to:

- Category 1 products (including a FMCA financial product, a Discretionary Investment Management Service (DIMS) and an investment-linked contract of insurance); and
- Category 2 products (including a bank term deposit, a bonus bond, a call building society share, a call credit union share, a call debt security, a share in a co-operative company, a unit in a cash or term portfolio investment entity, a consumer credit contract within the meaning of the Credit Contracts and Consumer Finance Act 2003, a contract of insurance (other than an investment-linked contract of insurance), and a life insurance policy issued before 1 January 2009).

#### Insurance Advice

Although I am authorised to do so, First NZ Capital business rules mean that I do not advise clients on insurance. It is recommended that First NZ Capital clients seek appropriate advice from an insurance provider for their insurance needs.

#### Class Financial Advice

In addition to personalised financial adviser services, I can provide you with class financial advice on general market matters based on investment research and other general information.

#### Custody Service

First NZ Capital provides a custody service which enables it to register and hold securities on your behalf in the name of First NZ Capital Custodians Limited as bare trustee ("Custodian") and/or any appointed sub-custodians. Currently, all securities in custody are held by sub-custodians in New Zealand (FNZ Custodians Limited) and the rest of the world (Citibank, NA). This service is available whether or not we have provided you with a financial adviser service in relation to the particular securities. Written terms and conditions in the First NZ Capital client agreement apply to this service.

First NZ Capital holds and administers assets belonging to clients in a fiduciary capacity. This is a key area of regulation under the NZX Limited ("NZX") Participant Rules. The main purpose of the Rules is to ensure that First NZ Capital accounts for, and safeguards, client assets at all times. The Rules dictate a high standard of custodianship and associated record keeping. Money held on your behalf will be segregated in a Client Funds

Account and held on trust. First NZ Capital will not use money, securities or other property held on your behalf for the benefit of itself or any other person. Therefore, in the unlikely event of First NZ Capital's default or insolvency, client assets will be protected from the claims of general creditors and, in the case of client money, from any right of set-off by the bank providing the Client Funds Account in which the money is held. The internal controls that govern the receipt, holding and disbursement of client assets are subject to audit by external auditors and internal compliance checks.

Investment money received from you or on your behalf will be held by First NZ Capital on trust on your behalf, until disbursed to settle securities transactions on your behalf or otherwise distributed in accordance with your instructions. All securities purchased by you will be registered in your name (or any other permissible nominee name). Upon your instruction, First NZ Capital may register and hold securities on your behalf in the name of First NZ Capital Custodians Limited as bare trustee (where we are required to hold investments on your behalf with a sub-custodian, the investments may be registered in a different nominee name but to the order of First NZ Capital Custodians Limited).

Where securities are registered and held on your behalf in such a manner, on behalf of First NZ Capital, the Custodian or sub-custodian will carry out the following functions:

- Administering and accounting for the securities;
- Claiming dividends and interest payments;
- Upon instruction by you to me, exercising conversion and subscription rights;
- Upon instruction by you to me, dealing with takeovers and other offers or capital re-organisations;
- Send you a statement of holdings at least every three months;
- Producing an annual tax statement for you.

### Who provides the products that I provide financial adviser services in relation to?

As part of my financial adviser services, I am able to provide advice in relation to the First NZ Capital Securities Limited DIMS. In addition, I am able to provide financial advice that is incidental to the operation of the DIMS, as under First NZ Capital's DIMS licence.

#### Approved Product Providers

While I am authorised to provide financial adviser services in relation to all of the financial products described above, I will only provide personalised financial adviser services in relation to financial products which have been reviewed or assessed to a level that provides a reasonable basis for such service. As a result of these arrangements, as an employee of First NZ Capital, I can only provide advice on products on which First NZ Capital has either undertaken sufficient research itself, or on which it has received adequate third party research.

The financial adviser services that I do provide to you are supported by First NZ Capital's research and strategy expertise and its alliance with the international financial service provider, Credit Suisse Group. We also have access to research provided by other credible providers.

## Fees, charges, remuneration and other matters

This section describes the fees and charges that may apply in relation to the financial adviser services that I provide, as well as other interests, relationships and associations that may be relevant. Also note that all fees described below are exclusive of GST, if any.

## What fees will you be charged by First NZ Capital for the financial adviser services I provide to you?

Depending on the nature of the services required by you, First NZ Capital will charge fees for the administration of portfolios and the safekeeping of assets held in custody for you.

### Custody Service Fees

Custody service fees are applied in accordance with the terms and conditions of your client agreement with First NZ Capital. The custody fee is based on a percentage of the value of assets under administration (excluding cash and money market assets with a maturity of less than 100 days), accrued daily and is charged on a six monthly basis in arrears to your account. The custody fee is currently subject to a minimum charge of \$250 per annum. The percentage charge will vary depending on the value of the assets being administered. For guidance, custody fees will typically be up to 0.75% per annum. For example, a custody fee 0.75% on assets of \$1,000,000 will be \$7,500 per annum.

### Portfolio Reporting/Monitoring Fees

Where portfolio reporting and/or monitoring is also required as a service, additional fees will be based on a percentage of the value of assets under administration (which may or may not include cash and short term money market deposits). These additional fees will be accrued daily and charged every quarter in arrears. Again, the percentage charge will vary depending on the value of the assets being administered. For guidance, portfolio reporting and/or monitoring fees will typically be up to 1% per annum. For example, portfolio reporting and/or monitoring fees of 1% charged on assets of \$1,000,000 (including cash) will be \$10,000 per annum. Fees charged will be agreed with you before you require a service and will be applied in accordance with the terms of your First NZ Capital client agreement. Any changes to these fees will be notified to you by way of a new form, letter or email.

## What other fees might you be charged by First NZ Capital?

First NZ Capital will also charge you brokerage or commission (and, where applicable, pass on agency, settlement and other fees) on secondary market transactions that First NZ Capital arranges on your behalf. For guidance, brokerage on secondary market transactions will typically be up to a maximum of 1.5% of the transaction value and will be detailed on each contract note sent to you. Minimum brokerage fees, being typically "50" as an amount in the relevant trading exchange currency (for example, NZD50, AUD50, GBP50, USD50) will also apply. Brokerage fees will be charged to you at the rate agreed with you before the transaction is initiated, and paid at the time of settlement of the transaction.

## What fees will you be charged by third parties?

### Product fees

Fees will vary by product providers and issuers of securities. Any fees payable by you to third party investment fund managers or product providers will be disclosed to you before you make an investment. This information will be provided in the form of an information memorandum or other similar document issued or provided by the relevant fund manager or product provider and is available at any time on request.

### Transaction fees

Transaction fees vary depending on transaction size and the market on which the transaction is undertaken. Where additional charges, such as agency execution fees, settlement fees, exchange and clearing house fees,

trade fees, and stamp duty charges apply to transactions, First NZ Capital will recover those charges from you at the time of settlement of the transaction.

### Does First NZ Capital (or do I) receive any remuneration from third parties in relation to the financial adviser services that I provide to you?

In the course of transactions arranged by me, First NZ Capital may receive or earn:

- trading profit;
- fees and brokerage, including brokerage and trail commission from third parties;
- margin on fixed interest transactions;
- margin on cash management call account and/or term deposit balances;
- margin on exchange rates in respect of transactions involving foreign exchange; and
- in respect of new issues of securities, brokerage and firm allocation fees from issuers of securities.

Fees, brokerage and trail commission paid to First NZ Capital by third parties will vary by product provider and product type. The level and/or amount of such fees, brokerage and trail commissions will be set out in the product offer document.

#### Role in issues of securities

In addition to the remuneration set out above, First NZ Capital may receive organising broker fees, arranger and manager role fees, underwriting fees, and/or discretionary incentive/performance fees for its role in an issue of securities from the issuer.

#### Use of cash management facility

On request, First NZ Capital will administer funds held on your behalf in a pooled client funds trust cash management account with ANZ National Bank Limited (or any successor or other registered bank in New Zealand or elsewhere).

No establishment or account fees are paid by clients for the (multi-currency) cash management service. Instead, where paid, the rates of interest paid to you on money held in the cash management account reflect a mark down deducted by First NZ Capital as a commission from the rate of interest that is paid to First NZ Capital by the bank as the holder of the cash management account on behalf of clients. The interest rates paid to First NZ Capital, and in turn by First NZ Capital to clients, vary from time to time as market interest rates change.

Further information about this service is set out in the First NZ Capital client agreement and the current rate card.

In regard to term deposits, on request, First NZ Capital will administer funds held on your behalf on term deposit in trust with a registered bank in New Zealand. Break fees may be charged by First NZ Capital to clients who request to withdraw funds on term deposit before the maturity date. The rates of interest paid to you on money held on term deposit reflect a mark down from the rate of interest that is paid to First NZ Capital by the bank as the holder of the term deposit on behalf of the client. The interest rates paid to First NZ Capital, and in turn by First NZ Capital to clients, vary from time to time as market interest rates change.



**My Remuneration**

As an employee of First NZ Capital, I do not charge you any fees personally. My remuneration is comprised of:

- a fixed salary;
- potentially, a discretionary attribution bonus; and
- potentially, an additional discretionary bonus.

**Attribution bonus**

The amount of the attribution bonus is based on my individual performance. My gross remuneration, including the base salary and any fringe benefits, is calculated in relation to the total revenue attributed to me (my Personal Revenue), as demonstrated in the table below.

| <b>Personal Revenue</b>                               | <b>Corresponding Bonus Percentage</b> |
|---|---------------------------------------|
| Less than or equal to \$225,000 per annum             | 30% of Personal Revenue               |
| Exceeding \$225,001 but less than \$450,000 per annum | 39% of Personal Revenue               |
| Exceeding \$450,001 but less than \$650,000 per annum | 44% of Personal Revenue               |
| Exceeding \$650,000 per annum                         | 47% of Personal Revenue               |

The above Personal Revenue dollar bands and/or percentages may be revised from time to time and/or the number of Personal Revenue categories reduced. The proportion of my Personal Revenue includes:

- Attributions from brokerage on secondary market equity and fixed income transactions, primary market selling fees, secondary market placement fees, front end and trailing commissions paid to First NZ Capital by third party product providers of unit trusts, managed funds (including, where applicable and where paid, First NZ Capital group managed products), debentures and similar investments; and
- Portfolio reporting and management fees, administration and custodial fees, foreign exchange currency gains and spread, and margins taken on the rate of interest paid on cash management account deposits and term deposits.

My Personal Revenue may vary, and is dependent largely on:

- prevailing market conditions;
- the proportion of my business that is derived from brokerage on secondary and primary market transactions;
- the proportion of my business that is derived from custodial and other asset administration services; and
- the proportion of my business that is derived from:
  - o management fees for portfolio monitoring based on the market value of assets under administration.

The rate of discretionary attribution bonus paid to me by First NZ Capital is increased by 3% where a client elects to receive First NZ Capital’s premium AssetWatch service of full portfolio reporting and custody, and where a minimum of 50 basis points is charged to the client and derives a fee of at least \$1,000 on an annual basis. The increased rate of discretionary attribution bonus also applies to the margin received or earned by

First NZ Capital on cash management call account and/or term deposit balances and margin on exchange rates in respect of transactions involving foreign exchange.

**Discretionary bonus**

An additional discretionary bonus may occasionally be awarded to individual advisers as recognition of performance including factors such as team working to better service clients and management responsibility. This bonus is paid from a dedicated pool of revenue, rather than from fees attributed to that adviser. The rate and amount of any such bonus is not based on any performance calculation or formula and will generally not be material in amount.

**What other interests, relationships and associations should you know about?**

As an employee of First NZ Capital, my adviser business is reliant on several key internal and external relationships.

**Research**

Internally, the First NZ Capital Research team provides analysis on domestic equities, economic and strategy advice, which I draw on when providing personalised financial services.

First NZ Capital has a strategic alliance with Credit Suisse Group, who provides the source investment research on international equities and international economic and strategy matters. First NZ Capital also has access to international and other investment research through its business relationships with other credible providers as well as other recognised sources. I draw on this suite of research when providing personalised financial services.

**Transactions**

First NZ Capital Securities Limited is a trading participant on NZX markets and a clearing and depository participant of the New Zealand clearing house and depository. New Zealand market transactions that I may provide advice to you on are handled through this infrastructure. Overseas market transactions are undertaken by execution, settlement and custody agents appointed by First NZ Capital.

**Financial interests**

First NZ Capital, my fellow employees and associated persons of First NZ Capital may have:

- an investment or a direct or indirect pecuniary or other interest in securities (or related securities) mentioned in research publications published by First NZ Capital and other marketing material sent to investors or otherwise the subject of its investment advice;
- may have provided investment advice or investment services in relation to such securities in recent times; and
- may have other financial interests in the matters mentioned in such research reports and marketing material or in securities on which advice is given.

Specific interests, such as the role of First NZ Capital in acting for an issuer of securities and the payment of brokerage and/or firm allocation fees by the issuer, are disclosed as appropriate in marketing material.

**Investment banking business**

First NZ Capital, its related companies and affiliated persons and the Credit Suisse Group, do and seek to do investment banking business with companies whose securities First NZ Capital gives investment advice on and

in respect of which First NZ Capital undertakes and/or arranges transactions on behalf of investors, and which are covered in the research reports and marketing material produced by First NZ Capital. Specific interests, such as the role of First NZ Capital in acting for an issuer of securities and the payment of brokerage and/or firm allocation fees by the issuer, are disclosed as appropriate in marketing material.

In addition, it is possible that you will wish to subscribe for or buy or sell securities which First NZ Capital has an investment banking role in relation to.

### **Other interests**

A number of other relevant interests are set out below:

- Harbour Asset Management Limited, a member of the First NZ Capital group of companies, is the promoter, Issuer and Manager of a range of equities and fixed income funds. The Manager's fees are set out in the current investment statements.
- David Copley, a non-executive director of First NZ Capital Holdings Limited, is a director of Trafalgar Copley Limited, the Investment Adviser to the Trafalgar Copley NZ Fund Limited (the "Fund"). The offer document for the Fund set out all statutory information. First NZ Capital has an investment in the Fund as principal for its own account.
- As is customary for the provision of investment banking services, First NZ Capital will be paid fees by the companies and persons it acts for in, for example, mergers and acquisitions, corporate finance advisory, new issues of securities and other transactions.
- I have a financial interest in the business of First NZ Capital as a shareholder of First NZ Capital Holdings Limited, the First NZ Capital Group's holding company. Any payment of dividends by First NZ Capital Holdings Limited has no effect on the services I provide to clients.

### **Managing conflicts of interest**

As an employee of First NZ Capital, I am required to comply with a comprehensive compliance manual, including Policies and Procedures that govern conflicts management and professional conduct.

In the context of the securities industry and the provision of financial adviser services, conflicts of interests arise where an employee's interests and /or those of their employer may be contrary to those of a client, or where the employer entity's interests or activities in relation to one client may be contrary to those of another client. This "conflict of roles" can be mitigated by various means including use of appropriate disclosures, separation of functions, compliance policies and declining to act. First NZ Capital Policies and Procedures include those upholding client order precedence, the timely execution and allocation of trades, fair allocation, restricting sales, trading and research activities with respect to specified securities where First NZ Capital has a role (such as a capital raising or acquisition) in a transaction, employee personal accounting trading, employee outside interests, gifts and benefit policy, and managing personal conflict of interest where an employee has a threshold interest of \$10,000 or more in certain securities. Where any additional arrangements are made to manage conflicts arising from the receipt, or possible receipt of remuneration by myself or by First NZ Capital, details of these will be disclosed to you by way of a supplementary secondary disclosure statement.

### **Interests in listed securities**

My own interests, and those of my fellow employees, may include "threshold interests" of \$10,000 or more in certain listed securities. Where applicable, disclosures of such interests or relationships will be made to you by way of additional disclosure under Code Standard 7 of the Code of Professional Conduct for AFAs.

## What kind of Professional Indemnity Insurance do I have?

First NZ Capital maintains professional indemnity insurance cover at a level that is appropriate for the nature and risks of its business. The interest insured is Professional indemnity and Crime insurance, provided by leading international insurers and is renewed annually. The cover extends to all business activities including that of your adviser.

As with all insurance, these covers have limitations and are subject to certain exclusions.

## Auditing

First NZ Capital is audited by external qualified auditors within Section 461E of the Financial Markets Conduct Act 2013.

## Regulatory Review

First NZ Capital Securities Limited is regulated by NZX, NZ Clearing Corp and, as a registered financial services provider, is also subject to review by the Financial Markets Authority.

## Declaration

I, Barry James Lindsay, declare that, to the best of my knowledge and belief, the information contained in this disclosure statement is true and complete and complies with the disclosure requirements in the Financial Advisers Act 2008 and the Financial Advisers (Disclosure) Regulations 2010.

Signed: