

**STAPLES RODWAY ASSET MANAGEMENT LIMITED**  
**DISCLOSURE STATEMENT**  
**(Securities Markets Act 1988, Part 4)**

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The information in this Disclosure Statement was prepared as at 29 February 2008 and complies with the disclosure requirements under Part 4 of the Securities Markets Act 1988.

**Staples Rodway Asset Management Limited**

- *Ownership:* Jointly owned by members of the Staples Rodway New Zealand group and the Executive Directors
- *Directors:* For a full list of directors of Staples Rodway Asset Management Ltd, please contact us.
- *Offices:* As at February 2008, the Staples Rodway New Zealand group has six offices in New Zealand (Staples Rodway is an independent member of Baker Tilly International with offices worldwide).
- *Address:* The registered office of Staples Rodway Asset Management Limited is Level 9, 45 Queen Street, Auckland. Tel. (09) 309 0491.
- *Experience:* Staples Rodway Asset Management Limited was established in 1999 and has operated in the investment advisory industry since that time.

**Adviser's Details**

**James Scarr** is the Managing Director of Staples Rodway Asset Management James holds the following qualifications:

- Bachelor of Arts (Hons) 1982
- Post Graduate Diploma in Management Studies (DMS) 1985
- Diploma in Personal Financial Planning (DipPFP) 1997
- Certified Financial Planner (CFP) 2000
- Member of the Institute of Financial Advisers (IFA) 1992

James has had more than 10 years experience in the investment industry: four years with Morningside Research, five years with Bank of New Zealand Private Banking and seven years with Staples Rodway Asset Management Limited.

As a member of the IFA, James uses the high standard of practice set by the Association's Code of Ethics and Professional Conduct. James attends regular investment and economic briefings to ensure that he keeps fully up to date the knowledge gained in obtaining the above qualifications and experience.

**Wayne Powell** is an Investment Advisor and Director of Staples Rodway Asset Management Limited. Wayne holds the following qualifications:

- Diploma of Management (Dip Mgt) 1975
- Diploma in Business Studies (Dip Bus) with an endorsement in Personal Financial Planning 1996
- Certified Financial Planner (CFP) 2000
- Member of the Institute of Financial Advisers (IFA) 1995

Wayne has 19 years experience in the financial services sector and has spent 17 years as an Investment Advisor and Financial Planner, the 9 years prior to Staples Rodway Asset Management Limited being with

BNZ Private Bank. Prior to this he was an investment advisor with another major bank and before that a Financial Planner with a share broking firm.

As a part of the continuing education requirements of CFP, Wayne regularly attends investment and economic briefings to ensure that he keeps fully up to date the knowledge gained in obtaining the above qualifications and experience.

**Jean Van** is an Associate Investment Advisor with Staples Rodway Asset Management Limited. Jean holds the following qualifications:

- BCom/BA conjoint from the University of Auckland (majoring in Finance, Economics and Chinese) 2005
- NZX Diploma mandatory papers (distinction) 2007

Jean previously worked at ABN AMRO for two years on the institutional broking desk and is also currently undertaking further study to earn her Chartered Financial Analyst (CFA) charter.

Jean attends regular investment and economic briefings to ensure that she is fully up to date with latest market trends and to ensure that she keeps fully up to date the knowledge gained in obtaining the above qualifications and experience.

Those of our investment advisers who are members of the IFA are bound by the code of ethics and professional conduct in the bylaws of the IFA. In addition, IFA members are bound by the business conduct, education (minimum of 20 hours continuing education per annum), disclosure and disciplinary standards as laid down by the IFA.

### **Professional Indemnity Insurance**

Staples Rodway Asset Management Limited has professional indemnity insurance cover. The insurer is American International Group, Inc (AIG). The professional indemnity insurance policy in place for Staples Rodway Asset Management Limited provides cover for its legal liability to pay compensation to a third party, who has suffered a financial loss, as a result of an alleged act, error or omission committed by Staples Rodway Asset Management Limited in the provision of our professional services as financial advisers. The policy will also cover the legal costs incurred with the written consent of the insurer in defending the claim. The policy will respond to claims which are first made and notified to insurer during the period of insurance. In the event of a claim, cover will be subject to the terms and conditions of the policy.

### **Dispute Resolution Facilities**

If you have any complaints about any aspect of your relationship with Staples Rodway Asset Management Limited you should, in the first instance, contact Roger Thompson, Managing Director, Staples Rodway Limited, P O Box 3899, Auckland, telephone: (09) 373 1134. If a satisfactory outcome cannot be found then the Institute of Financial Advisers has a complaints procedure which applies to those advisers who are members of the IFA. This procedure does not provide for monetary compensation and is a disciplinary process only. Contact the Compliance Officer, Institute of Financial Advisers, PO Box 5513, Wellington.

### **No Convictions**

Neither Staples Rodway Asset Management Limited nor any of its directors, principal officers or any of James Scarr, Wayne Powell or Jean Van has been convicted of an offence under the Securities Markets Act 1988 or the Securities Act 1978, or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961); or was a principal officer of a body corporate which has committed such an offence, or has been adjudicated bankrupt or placed in statutory management or receivership, or has been prohibited by an Act or by a court from taking part in the management of a company or a business; or has been the

subject of an adverse finding by a court in any proceeding that has been taken against the investment adviser in the adviser's professional capacity; or has been expelled from, or has been prohibited from being a member of, a professional body.

### **Advisory Fees**

For details of the nature and level of fees charged by Staples Rodway Asset Management Limited (including that payable to its advisers) for financial advisory services, please see below under the sub-heading 'Remuneration Received by Staples Rodway Asset Management Limited'.

### **Interests and Relationships**

Staples Rodway Asset Management Limited has been established in order to provide independent financial advisory services. As such, it seeks to avoid interests or relationships that may, or may be seen to, influence the provision of investment advice. Nonetheless, from time to time we do receive payments from issuers of investment products. In addition, Staples Rodway Limited (an associated person) may, from time to time, have interests or relationships which may amount to conflicts of interest. For further details, please see the information under the following sub-headings:

- 'Remuneration Received by Staples Rodway Asset Management Limited'
- 'Fee Rebates'
- 'Conflicts of Interest'

### **Types of Investment Products**

Staples Rodway Asset Management Limited offer a range of investment advisory services and recommends a variety of investment products including managed funds (including unit trusts, superannuation and group investment funds) as well as direct investment in shares, bonds and other securities. The actual recommendations will vary in line with the needs of the client. A list of the investment products that we recommend for a particular client is provided in the Investment Proposal which:

- has been provided to you (in the case of existing clients); or
- follows this Disclosure Statement (in the case of new clients).

### **Investment Product Providers and Areas Where Advice is Given**

Staples Rodway Asset Management Limited may recommend investments with almost any issuer of investment products, as we are completely independent of all such issuers. In particular, we provide advice in relation to the following areas:

- Savings and investment products (listed and unlisted)
- Superannuation and retirement planning

### **Procedure for Handling Investment Money or Investment Property**

#### ***Wrap Service Clients***

As part of advice, Staples Rodway Asset Management Limited may recommend that investments be made and administered through an investment management service for implementing, administering, monitoring and reporting on investment portfolios.

- The investment management service (wrap service) is provided by Portfolio Custodian Limited (a division of Goldman Sachs JBWere Sharebrokers), which acts as an independent custodian and holds investments collectively on behalf of all clients using the service.
- All money to be invested and all distributions made by means of the wrap service (payable via cheque or direct bank transfer) is payable directly to or by the custodian as applicable. Until the investment money(s) are applied in order to acquire the relevant investment product(s) they will be held on trust for the investor until disbursed or distributed in accordance with the investor's instructions.
- The custodian keeps full accounting records of any investment money(s) held in its trust account. Direct access to these records is not available, however a copy of the ledger relating to the investor's investment money(s) can be made available as soon as practical following a written request from the investor.
- The receipt, holding and disbursement of investment money by the custodian is audited by Ernst & Young.
- Any investment money(s) held in trust for investors by the custodian cannot be used for the benefit of Staples Rodway Asset Management Limited, or any of its advisers, or any other person unless there are any fees or disbursements due and payable to the custodian. Details of the fees payable to the custodian, pursuant to the wrap service, are set out in your Investment Proposal (which has been provided to existing clients or which follows this Disclosure Statement in the case of new clients).

### ***For Clients Whose Investments are Held Outside the Wrap Service***

For non-wrap service clients:

- Any investment money(s) should be paid to Staples Rodway Asset Management Limited by cheque or direct credit. If by cheque, it is to be made payable to Staples Rodway Asset Management Limited Trust Account. If received by direct credit it will be invested directly to our Trust Account which is held with National Bank, 45 Queen Street, Auckland.
- All investment money(s) will be held on trust for the investor until disbursed or distributed in accordance with the investor's instructions.
- We will keep full accounting records of any Investment Funds held in our Trust Account. Direct access to these records is not available, however a copy of the ledger relating to the investor's investment money(s) can be made available as soon as practical following a written request from the investor.
- The receipt, holding and disbursement of investment money is audited by a Chartered Accountant being a member of the institute of Chartered Accountants (independent of Staples Rodway Limited). The name of the auditor is Grant Thornton.
- Any investment money(s) held in trust for investors will not be used for the benefit of the adviser or broker or any other person unless there are any fees or disbursements due and payable to us. We would always obtain your written agreement before making any such deduction.

### **Research, Advice, Due Diligence**

All investment funds, managed funds and individual investment products recommended by us have been independently researched and approved by us in accordance with our normal internal due diligence process.

### **Remuneration Received by Staples Rodway Asset Management Limited and its Advisers**

The initial consultation is provided by us free of charge. Preparation of an investment proposal and implementation of investments is chargeable at a rate of \$260.00 per hour (plus GST).

The portfolio management fees charged by us will vary according to the nature of the services provided, as outlined below:

1. An hourly fee of \$260.00 per hour (plus GST)
2. A fixed rate fee of 1.2% per annum for portfolios of less than \$250,000; reducing to 1.0% per annum for portfolios in excess of \$250,000 and 0.75% per annum for portfolios in excess of \$1 million. (Fees are subject to GST)
3. A fee linked to performance is available for 'growth' portfolios (growth investments must exceed 65% of the total invested) with capital to invest in excess of \$350,000. A minimum administration charge of 0.1% per quarter will apply. (Fees are subject to GST)

Each of the Staples Rodway Asset Management Limited financial advisers, James Scarr, Wayne Powell and Jean Van, is remunerated on a salary basis. He or she does not receive a fee for the provision of investment advice. However, he or she may be entitled to bonuses of up to 20% of their salary depending on he or her own individual performance and the performance of Staples Rodway Asset Management Limited.

Additional portfolio management fees are payable to Portfolio Custodian Limited by those clients who utilise the wrap service. Details of those fees are set out in your Investment Proposal.

In addition:

- Staples Rodway Asset Management Limited may, from time to time, receive fees for professional services from Staples Rodway Superannuation Limited and/or Staples Rodway Super Fund Trustee Limited (which are associated persons of Staples Rodway Asset Management Limited) – respectively the promoter and the trustee of the Staples Rodway KiwiSaver scheme for professional services associated with the ongoing management of the Staples Rodway KiwiSaver scheme; and
- James Scarr and Wayne Powell may be entitled to receive directors' fees and/or dividends in relation to their roles as directors and shareholders of Staples Rodway Asset Management Limited.

Except as described above, Staples Rodway Asset Management Limited financial advisers, James Scarr, Wayne Powell and Jean Van, do not have any other interest or relationship with any person that would be reasonably likely to influence them in giving financial advice.

The fees and remuneration disclosed in this Disclosure Statement may change from time to time and are current at the date of this Disclosure Statement.

### **Fee Rebates**

Fund entry fees (if any) are fully rebated by us immediately upon receipt from the relevant fund manager.

Where available we use wholesale funds or direct investments which do not pay commissions and seek to pass on the savings to our clients in the form of lower management fees. From time to time we may receive minor payments, for example, payments in the form of trail commissions or commissions on the sale of a new bond issue. In many cases those payments are immaterial so that it is often uneconomic to calculate and administer a fair method of allocating the payment to our clients. Full details of the relevant fund managers and the scale of such payments currently known to us are included. (See Appendix A)

### **Conflicts of Interest**

Staples Rodway Asset Management Limited selects and bases its asset allocation and investment recommendations on independent external research. There are no arrangements with any investment manager or issuer of investment products that would require us to confine our recommendations to certain investment products or, alternatively, to prevent us from recommending a wider spread of investments.

Staples Rodway Limited does provide auditing and consultancy services to some listed companies and other issuers of investment products. Generally, where it is providing such services, and that role is made known to Staples Rodway Asset Management Limited, there is a potential conflict of interest and in those circumstances it is our policy not to recommend investment in any investment product issued or offered of those entities. However, it is noted that Staples Rodway Limited provides consulting services to

Liontamer Investment Management Pty Limited, the manager of the 'Liontamer' series of managed funds. Neither Staples Rodway Asset Management Limited nor any of its directors, officers, advisers or employees is involved in the provision of those consultancy services.

Our Advisors may (on their own account) have invested in some or all of the investment products that we recommend to you.

**Product Disclosure**

This disclosure document meets the disclosure requirements for investment advisers and investment brokers required by Part 4 of the Securities Markets Act 1988 and the disclosure requirements of the IFA.

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**Client Confirmation:**

I/We confirm that I/We have received, read and understood and been given a signed copy of this Disclosure Document as at the date below.

Signature/s: \_\_\_\_\_

Client Name(s): \_\_\_\_\_

Date of Client Confirmation: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

## DISCLAIMER

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*The following disclaimer appears on all of our reports.*

The recommendations contained in this report are based on the information supplied by you to Staples Rodway Asset Management Limited and this report is designed solely for your use. Whilst the recommendations and statements made in this report are made in good faith, to the extent permitted at law, neither Staples Rodway Asset Management Limited nor any of its directors, officers, advisers or staff will be responsible for any direct or indirect loss or damage suffered as a result of any errors or omissions made or contained in this report. Any decision to invest is your responsibility.

Investors are reminded that the value of your portfolio and the income from it, may go down as well as up and is not guaranteed. An investor may not get back the amount they have invested. The past is not necessarily a guide to future performance. Changes in rates of exchange may cause the value of investments to fluctuate.

Staples Rodway Asset Management Limited does not guarantee the performance of any investment described in this report.

### **Custodial Services**

Where custodial services form part of the services offered by Staples Rodway Asset Management Limited, these are provided by Portfolio Custodian Limited (a division of Goldman Sachs JBWere Sharebrokers).

For and on behalf of Staples Rodway Asset Management Limited.

James Scarr

Managing Director

Staples Rodway Asset Management Limited

2008

## Appendix A

### Investment Product Commissions

#### Staples Rodway Asset Management Limited

The information provided in this Appendix is current as at 29 February 2008.

Staples Rodway Asset Management Limited is eligible to receive commissions on the following investment products according to the schedule below. Please note that these are the maximum commissions payable and in many cases these may be discounted, especially if a client is investing substantial sums.

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Product Provider	Product	Max. initial commission as a % of each investment made	Ongoing p.a. commission as a % of total value of investment
<b>New Issues of equity and fixed interest securities<sup>1</sup></b> Westpac First New Zealand Capital ABN Amro Goldman Sachs JBWere		0 – 0.75%	Nil
<b>Managed Funds<sup>2,3</sup></b> Assure Funds Management Ltd NZDMO Registry ING Investment Services Goldman Sachs JB Were Man Investments Macquarie Investment Management	Capital Enhance  ANZ Products Australian Managed Funds  OM-IP Funds AUD Products	Nil Nil Nil Nil Nil Nil	Nil  0.35% 0.1% 0.5% 0.4%
<b>Fixed Interest Investments (not listed)<sup>2</sup></b>		0 – 0.75%	Nil

#### Note:

1. Staples Rodway Asset Management Limited may receive one-off commissions from the issuers of new listed equity and debt securities (both listed and unlisted). These commissions vary from issue to issue but do not normally exceed 0.75% of the amount invested.
2. Staples Rodway Asset Management Limited rebates the entry fees (if any) payable in respect of entry into managed funds immediately upon receipt from the relevant fund manager. In addition, Staples Rodway Asset Management Limited may also receive one-off commissions in relation to other investment products such as unlisted managed funds on which advice is provided at the specific request of a client. We will rebate those amounts in full to our clients.
3. From time to time we receive payments in the form of trail commissions. In many cases these payments are immaterial so that it is uneconomic to calculate and administer a fair method of rebating the payment.