

Disclosure Statement

This statement was updated on 5 July 2010. In accordance with the provisions of the Securities Markets Act 1988 and the Financial Advisers Act 2008, it provides information about our advisers and our firm. It includes details about:

- The services we can provide
- How our business operates
- Advisers' qualifications
- The financial products we can advise you about
- The financial organisations with whom we are able to place business, and
- How our advisers are paid

S J Hassan & Associates Ltd, trading as Hassan & Associates (the Company), has been providing comprehensive financial advice since it was established in 1995. All shares in the Company are controlled by Simon and Rosemary Hassan (husband and wife). They are also the Company Directors. The Company's address is P O Box 604 Kumeu, Auckland 0841; Telephone: 09-412 5844, Fax: 09-412 5845, Email: info@hassan.co.nz, Web: www.hassan.co.nz.

Please see the Adviser Details section on the next page for details of our adviser's qualifications and experience. Our advisers keep their qualifications up-to-date by completing at least 60 hours of Continuing Professional Development (CPD) every two years. CPD hours, which are subject to spot audit by the Institute of Financial Advisers (IFA), are earned by participating in approved courses, briefings, conferences, and educational activities.

How we operate

We charge fees rather than taking commission where practicable for our advice and services, and when we give advice we follow the professional six-step financial planning process:

1. Establishing the client-adviser relationship
2. Gathering client data and determining your goals and expectations
3. Analysing and evaluating the client's financial position, cash and debt management, personal and business insurance, retirement planning, estate and tax, and/or investment needs
4. Developing and presenting our written advice
5. Overseeing the implementation of the plan, and
6. Monitoring and reviewing the plan

Remuneration & fees

Our advisers are remunerated by salary only, and do not receive bonuses. They may also share in Company profits as shareholders.

The Company charges fees for services. The Company also accepts commission in some instances, but commission of all types currently makes up less than 10% of Company income. Current rates of commission and fees are set out on page 3 and 4. Where possible we provide an estimate of our fee and or any commission involved before accepting your instructions. The amount and/or the rate of any applicable fees and/or commissions are detailed in our written advice document.

Interests and relationships

The Company:

- Uses Aegis and One Answer 'wraps' and Investor Choice superannuation 'wrap' to provide investment custodial services for clients.
- Uses Trimax Insurance Services Ltd to access low-cost insurance products for clients.
- Has entered a referral relationship with business insurance specialists Mainstay Ltd under which referrals from either firm see up to 20% of resulting fees and or commissions passed to the other.

These relationships are entered into solely for the benefit of our clients.

Our advisers and the Company do not accept material 'soft dollar' rewards from suppliers of financial products or services (material 'soft dollar rewards' include gifts, entertainment, contributions to travel or conference costs or any benefit linked to sales volumes and or relationships and worth more than \$300).

Other than as described above none of our advisers has any relationship with any supplier of financial products or services that could influence their advice. This statement also covers related parties.

Our advisers are not required to place any level of business with any supplier of financial products.

Financial products we can provide

The Company can provide a range of financial products to assist Clients. These include mortgage, personal risk insurance, home equity release, KiwiSaver, and investment products.

The Company consults and purchases investment research as part of a group of other professional advisory firms. Research purchased through this group research from Farrelly's, FundSource, Morningstar and J M Consulting. The Company also obtains investment and economic research from a wide range of other recognised sources, and purchases insurance research from Strategy Financial Services.

This research assists us in selecting products to recommend. Recommended products and or policies for selecting these at detailed on page 4.

Professional indemnity insurance

Our advisers have professional indemnity insurance to at least the level required by IFA covering all areas of practice listed here. This insurance, provided by Lumley, provides protection for clients for:

- any error or omission;
- defamation; and
- employee dishonesty.

Our professional indemnity insurance policy provides full 'prior acts' protection. As with all insurance, the policy has limitations and is subject to certain exclusions, terms and conditions.

Criminal convictions

None of the Company's advisers or principal officers has ever been:

- convicted of an offence under the Securities Markets Act 1988; the Investment Advisers (Disclosure) Act 1996 or the Securities Act 1978, or for a crime involving dishonesty;
- a director or principal officer of a body corporate that has committed an offence against the Securities Markets Act 1988, the Investment Advisers (Disclosure Act) 1996 or the Securities Act 1978 or for a crime involving dishonesty;
- adjudged bankrupt;
- prohibited by and Act or by a court from taking part in the management of a company or business;
- the subject of an adverse finding by a court in any proceeding taken against me in my professional capacity; or
- expelled from, or prohibited from being a member of, a professional body.

The Company has never been placed in statutory management or receivership.

Dispute resolution

In the event of a dispute you should contact your adviser or another Director of the Company. If the matter is not resolved, you should contact IFA National Office by telephoning 0800-404 422, or at P O Box 5513, Wellington. IFA has comprehensive complaints and disciplinary processes.

Declaration

We declare that this statement was materially accurate and up-to-date when it was provided to you.

Adviser Details

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| Simon Joseph Hassan | Rosemary Ann Hassan |
| Senior Client Adviser Mobile phone: 027-445 1550 Email: simon@hassan.co.nz | Senior Client Adviser Mobile phone: 021-223 8443 Email: rosemary@hassan.co.nz |
| Experience & qualifications Financial adviser since July 1990. Until July 1995 in advisory and management roles for Prudential; in current role since. Certified Financial Planner ^{CM} (CFP ^{CM}) and Chartered Life Underwriter (CLU) Graduate Diploma in Business Studies (Pers Financial Planning) Massey University, 1994 MA (Hons) in English, Auckland University, 1991 | Experience & qualifications Financial adviser since October 1993. Until July 1995 in advisory and management for Spicers and Prudential; in current role since. Certified Financial Planner ^{CM} (CFP ^{CM}) Graduate Diploma in Business Studies (Personal Financial Planning), Massey University, 1996 |
| Professional bodies IFA Fellow bound by IFA Code of Ethics and Practice Standards Other memberships: Professional Advisers Association, Society of Independent Financial Advisers, Institute of Directors, Estate & Tax Planning Council | Professional bodies IFA Member bound by IFA Code of Ethics and Practice Standards Other memberships: Professional Advisers Association, Society of Independent Financial Advisers |

Fee Schedule

1. Introduction

1. This schedule covers fees payable to Hassan & Associates. Products or services that we recommend also have costs, and these are explained in the relevant product documentation.
2. Where possible before accepting instructions, and otherwise as soon as practicable afterwards, we advise the Client of the basis, the amount and or the rate for any fee or commission likely to apply.
3. Our fees may be based on contract or hourly rates, a percentage of funds or a mix of these, and may be paid by cheque, direct credit, automatic payment, or deduction from a Client Portfolio.
4. Where we receive Ongoing Fees in relation to a Client Portfolio any commission or brokerage received in relation to products in this portfolio is rebated to the Client. Commission or brokerage received for other financial products may be used to offset fees that would otherwise apply. The amount or rate of actual fees and investment commissions is detailed in our written advice.
5. Some fees are subject to GST. 'Financial services' are not currently subject to GST. Some of our fees may be tax-deductible. We are not tax advisers and urge Clients to get professional tax advice.
6. We can change this fee schedule at any time, but any increase in Ongoing Fees will not apply until 30 days after we have advised affected Clients of the change in writing.

2. Fees for initial or one-off planning, advice and services

Our fees vary with the nature and complexity of the work. Where possible we provide a fee estimate before starting work, and advise the Client as soon as practicable if actual fees are likely to be higher.

3. Establishment fees and commission

1. We charge Establishment Fees – plus GST where this may apply – for arranging investments and assisting with the purchase of other financial products and services.
2. Insurance Establishment Fees or initial commission where this applies is up to 100% of quoted initial annual premiums. Where a commission basis is used, we rebate any excess commission actually received above this level to the Client. Where a fee basis is used
 - (a) our Insurance Establishment Fee (payable at the time an insurance proposal is completed) is the higher of \$330 and the quoted initial annual premium and
 - (b) if the actual initial premium is lower than that quoted, we rebate a pro rata portion of the fee, retaining a minimum of \$330 to cover our costs.
3. Loan Establishment Fees are up to 0.75% of the total facility, offset by any commission received.
4. Investment Establishment Fees vary depending on the nature of the work and the overall Client relationship and may be based on a contract or hourly rate, up to 1% of the funds invested, or a combination of these.
5. Establishment Fees for regular additions to a Client Portfolio made by automatic payment or direct debit are 1% of the amount added, and are either deducted from the amount being added or deducted from the Client Portfolio.

4. Ongoing fees and commission

1. Ongoing insurance commission is up to 30% of premiums. No ongoing loan commissions apply.
2. Ongoing Fees for a Client Portfolio are based on rates in the Ongoing Fee Table below, or as otherwise agreed, plus GST, which applies to 70% of the total. Ongoing Fees are usually tax-deductible. They accrue daily and are deducted from the Client Portfolio monthly in arrears except in the case of a full withdrawal when fees for the number of days in the month in which the withdrawal is processed and the most recent value of the investments when the fee is calculated) are deducted during the withdrawal process.

| Ongoing Fee Table | Annual Rate |
|--|-------------|
| (i) Client Portfolio – Diversified Growth Portfolios (with any commission rebated) | |
| First \$100,000 | 1.50 % |
| Next \$400,000 | 1.15 % |
| Next \$250,000 | 0.85 % |
| Next \$250,000 | 0.65 % |
| Balance of Portfolio | 0.40 % |
| (ii) Client Portfolio – Income only Portfolios (offset by any commissions retained) | |
| Full Portfolio | 0.50% |

5. Hourly rates and minimum total of annual fees and commissions

1. Our hourly rates are \$330 (Senior Client Adviser) and \$75 (otherwise) plus GST and costs.
2. In all cases we reserve the right to charge additional fees as required to bring the annual total of other ongoing fees and commissions received for all Clients to \$330 before GST.

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Approved Products and Providers, and Commissions

1. Notes

1. Approved products, suppliers and or our policies for selecting these are detailed below, together with maximum rates of commission, where this may be received.
2. This list is reviewed periodically by the Company Directors. Without clear evidence believing that this is in best interests of the Client, Advisers may not deviate from this list.
3. The amount and or rate of actual fees and commissions will be detailed with our written advice.
4. We do not accept material 'soft dollar' rewards from the providers of financial products.

2. Investment products

Savings accounts and term investments covered by the Reserve Bank of New Zealand Deposit Guarantee Scheme.

Direct fixed interest investment Reserve Bank of New Zealand Deposit Guarantee Scheme or with a Standard & Poor's or recognised equivalent credit rating of BBB- or higher, with no more than 30% of the total in fixed interest rated below A. Direct fixed interest investments are arranged through a licensed stock broker.

Any other security identified as suitable by our research providers.

Investment product providers and promoters may pay the Company initial or ongoing brokerage or commissions. Initial commissions may be up to 3% of the sum invested, and / or up to 1.00% per annum of the amount invested for the term of the investment. Where we receive Ongoing Fees in relation to an investment any commission or brokerage received is rebated to the Client.

3. KiwiSaver products

Any KiwiSaver product recommended by our research providers. We accept initial commission from KiwiSaver providers of \$0 to \$50 per new account plus ongoing trail commission of up to 0.00% to 0.50% pa of average fund balance.

4. Insurance products

We may recommend life, lump sum disability, trauma, income protection and health insurance products offered by any insurance company with a Standard & Poor's rating or recognised equivalent rating of A- or better; or where the company has been identified as suitable by recognised independent research.

When we arrange insurance we may accept commission arrangements summarised immediately below.

| Commission Type | Commission Rate |
|--------------------|---|
| Initial Commission | Nil or up to 100% of initial annual premium (see Section 3.2 of Fee Schedule) |
| Ongoing Commission | Up to 30% of premiums as these are paid |

Sometimes alternative fee and commission arrangements may apply. In these cases we advise the Client of the actual arrangements at the earliest opportunity and if possible before providing advice or arranging any new or changed insurance.

5. Mortgages

We may recommend the products of any mortgage lender. Some lenders pay commission of up to 70% of the loan amount for arranging a loan. Some also offer reset fees of up to \$150 per loan. We use any mortgage commission received to offset fees that would otherwise be payable by the Client.

6. Investment custody and portfolio administration ('wrap' facilities)

We use Aegis and One Answer to provide custodial, administration and portfolio management services for Client Portfolios. Their charges are detailed below.

| Provider | Annual Fee |
|-----------------|--|
| Aegis | 0.38% pa for the first \$1 million per Client Portfolio, then 0.25% |
| One Answer | 0.35% pa for the first \$500,000 per Client Portfolio, 0.30% from there to \$1 million, then 0.25% |
| Investor Choice | As for Aegis plus a total of 0.40% to the Trustee and Superannuation manager |

Wrap Fees do not attract GST and are usually tax-deductible.

7. Stock brokers

We work with a range of stock brokers, and generally arrange business through ASB Securities or Direct Broking, whose brokerage charges are detailed below.

| Broker | NZ Fixed Interest | NZ shares | Other Shares |
|----------------|-------------------------|-------------------------|--|
| ASB Securities | 0.25%, min \$25 | 0.35%, min \$29.50 | Aus: 0.4%, min AUD 40; UK 0.6% min GBP 25; US 0.6%, min USD 50 |
| Direct Broking | \$5.50 +0.35%, min \$30 | \$5.50 +0.35%, min \$30 | Na |

State taxes and stamp duties may also apply in some overseas jurisdictions

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