

DISCLOSURE STATEMENT

RICHARD JOHN HARDEN CERTIFIED FINANCIAL PLANNER^{CM}

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Introduction

In accordance with the provisions of the Securities Markets Act 1988 and the Securities Markets (Investment Advisers and Brokers) Regulations 2007 this Disclosure Statement provides you with information and answers to questions about me. It provides details about:

- The services I can provide;
- how I operate my business;
- my qualifications as an investment adviser;
- what investment products I am able to provide you with;
- which financial organisations I am able to place business with;
- how I am remunerated.

This document was updated on 1st July 2010 (Version 4)

The following details are deemed to be relevant about Richard Harden's role as a Financial Planner and Investment Adviser.

My Position:

I am a salaried employee of RJ Harden Ltd which trades under the name of Richard Harden Investment Services. I am also a director/principal officer and shareholder of the company. The other shareholder is the Richard Harden Family Trust.

Experience

I have been involved in the financial services industry since 1996 having represented the following firms:

- From Sept 1996-Dec 98 UK based Albert Goodman & Co Chartered Accountants.
- From Nov 1999-Feb 2002 represented a Christchurch firm of Financial Planners setting up the Nelson office.
- March 2002 joined Six Step Financial Services Ltd.
- November 2002 set up RJ & NR Harden Ltd T/A RJH Financial Planning
- Since 15th April 2004 RJ & NR Harden Ltd changed name to RJ Harden Limited which currently trades as Richard Harden Investment Services.

Professional Association

I am a member of the Institute of Financial Advisers and as a condition of my membership I adhere to the IFA Code of Ethics and IFA Practice Standards in all facets of my practice. I am also a member of SiFA (Society of Independent Financial Advisers).

Qualifications

I have been in the industry since 1996 and have the following UK & NZ qualifications:

UK qualification:

- Financial Planning Certificate of the Chartered Insurance Institute

New Zealand

- AdviserLink Introduction to Financial Planning
- AdviserLink Personal Risk Management
- AdviserLink Practice Management
- Massey University Estate Planning & Taxation Paper 110380
- Richard Harden is a member of the Institute of Financial Advisers and is a CERTIFIED FINANCIAL PLANNER^{CM}
- Richard Harden is a licensed sharebroker under the provisions of the Sharebrokers Act 1908.

I continue to expand my knowledge by:

- a. Being a member of the Institute of Financial Advisers and complying with its continuing educational development programme which involves completing at least 60 hours of Continuing Professional Development (CPD) credits every 2 years.
- b. Attending Annual Industry Conferences
- c. Travelling and attending financial planning conferences
- d. Reading widely

Areas of Advice

I give advice in the following areas:

Savings and Investment Products

- Fixed Interest/Fixed Term Investments
- Bank accounts
- Cash management funds
- Unit trusts
- Portfolio Investment Entities
- Investment Trusts
- Individual Shares(general advice given in conjunction with stockbrokers)

Retirement Planning

- Providing advice and illustrations of financial requirements leading up to retirement and drawing down on investments in retirement
- KiwiSaver
- Regular savings products

Estate Planning/Taxation

- As we are not legal or tax experts we do not provide specific advice, however we can provide generic advice on a number of issues and point clients in the right direction to get specialist advice in these areas.

Overseas/Immigrants

- Pension Transfers
- Investment issues and tax exemption for transitional residents

How I operate;

When I give advice I follow the internationally recognised six step 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, the client's needs, whether it be investment advice, retirement planning,
4. developing and presenting our written advice,
5. overseeing the implementation of the plan, and
6. monitoring and reviewing the plan.

Remuneration:

I am a salaried adviser and therefore all monies are payable to the company Richard Harden Investment Services. We offer a free initial consultation at which time we can discuss a client's needs and whether they wish to engage the company's services. Upon engaging our services we charge on an hourly rate of \$150 per hour plus GST for the preparation of advice and implementation of that advice.

For details of ongoing costs please refer to appendix A.

For some lump sum investments that are placed where fees are not applicable then brokerage is paid to Richard Harden Investment Services.

Richard Harden Investment Services can provide an ongoing monitoring and review service of client investments and this is normally paid for on a fee basis. In some cases it is on a trail brokerage basis. Any monitoring fees charged include GST and are generally tax deductible to clients.

The monitoring service provides the following benefits:

- As much access to Richard Harden as the client requires over a 12 month period.
- Preparation of at least two valuation reports and covering letters and any recommended investment modifications.
- Attendance at our client seminars.
- Free attendance at any public seminars we are conducting.
- Copies of reports that we produce.
- Access to our portfolio monitoring service & online access to view portfolios.

Over 90% of my investment work is done on a fee basis. For the balance the company may receive initial and ongoing brokerage, bonuses and non-monetary payments from product providers in relation to the sale of products. Details on these payments are provided in Appendix A. Please note that we will often provide discounts on the brokerage we receive, particularly if the sum being invested is substantial. The discount reflects the sum of money being invested and the fact that this sum obviously brings economies of scale in our time, effort and procedures.

For most investment portfolios we use the Aegis Administration Service and work on a fee basis. The fee is calculated on the amount of monies under management and charged on a monthly basis.

Money Handling & Record Keeping Procedure:

Richard Harden Investment Services does not operate a trust account and we have the following system and procedure for dealing with client funds:

Clients using the Aegis Custodial Service:

- a. All monies invested through the Aegis wrap account are held by the custodian on behalf of the client. Monies are payable to ICSL, the custodian and can be either direct credited or paid by cheque.
- b. Records of all transactions are held electronically, in client's files and can be viewed through the online service.

Other Investments:

- a. All investment monies received from clients will be delivered to the appropriate product issuer for processing as soon as practicable after being received from the client. All property will be dealt with in a confidential and secure manner.
- b. A photocopy of the completed cheque and application form is kept in the client's personal file.
- c. During normal working hours, all clients have access to their personal file to check the accuracy of the information contained therein.

Professional Relationships

Richard Harden Investment Services has various agency agreements in place with a number of companies, however we do not have any exclusive arrangements or ties with any suppliers of products, investments or services thereby limiting our advice on the choice of investment products.

Richard Harden Investment Services is an independently owned financial planning practice and is able to place business with a wide range of investment providers. We are not required to place any level of business with any supplier or financial organisation. When it comes to some financial services & investments products, you need to have a detailed agency agreement in place. The company has agency agreements for the provision of services with the following suppliers:

- Aegis Limited
We use the services of Aegis Ltd and ICSL to provide Custodial Services for our clients. This custodial wrap service provides access to most of the investment products available in the marketplace. At present approximately 80% of our funds under advice are held in the Aegis custodial service.
- ING (NZ) Limited
We have an agreement with ING (NZ) Limited which gives us access to a wide range of ING products and the Private Portfolio Service Master Trust.
- Sovereign
We have an agreement with Sovereign which gives us access to the Select Investor Service.
- Sharebroking Firms

As a licensed sharebroker, I am able to purchase various securities with a number of sharebroking firms such as ASB Securities, Direct Broking, First NZ Capital and Forsyth Barr.

To place other investments, we go directly to the product providers and have the normal supplier intermediary relationship. Appendix A to this document lists those companies.

Personal Disclosure of Criminal Convictions

I have not, within the last five years, 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 an 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.

RJ Harden Ltd T/A Richard Harden Investment Services has not, within the last five years, been placed in statutory management or receivership.

Professional Indemnity Insurance

I have professional indemnity insurance to at least the level required by IFA rules covering all my areas of practice. This insurance is provided by NZI. It includes prior acts protection, and provides protection for clients for:

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

As with all insurance, this cover has limitations and is subject to certain exclusions and terms and conditions.

Complaints Procedure

In the first instance any complaint should be raised with myself and hopefully can be resolved. If it cannot be resolved there is a complaints procedure available through the Institute of Financial Advisers for all clients dealing with Institute members, by phoning 0800-404422 or by writing to National Office, IFA, PO Box 5513, Wellington.

APPENDIX A

Custodial Portfolio Management Fees:

All fees are received by Richard Harden Investment Services and clients who invest through Aegis in the Custodial Service are charged fees based on funds under advice. The fee basis is agreed prior and is an annual percentage, which is calculated on a daily basis and deducted from the client's cash account at the end of each month.

Up to \$400,000	1.4%
\$400,000- \$1 Mill	1.2%
\$1 Mill - \$1.5 Mill	0.85%
\$1.5 Mill - \$2Mill	0.7%
\$2 Million +	0.65%

The rates applicable on fixed interest portfolios under \$1mill are negotiable and will be less than above. The fees charged are based on the amount of monies under advice and GST is applicable at the rate of approximately 7% (due to financial services rules regarding GST). Our understanding of current tax legislation is that the fees are tax deductible but you may wish to seek independent tax advice.

The fees charged are partly offset by the use of wholesale funds and brokerage rebates. Fixed interest rebates can vary between 0.5% - 1% and are used to enhance interest rates or are paid back to the client as a cash rebate.

Dealing Charges:

When purchasing tradable securities such as shares, fixed interest and listed property shares through the Aegis service we have access to a number of stockbrokers who charge brokerage for their services. We are able to obtain preferential rates for our clients who are purely charged the brokers fees. We do not accept any brokerage payments whether they are secondary market trades or new issues.

NZ shares	0.35% or min \$25 plus \$4.50 NZX fee per trade
AUS Shares	0.4% or min AUD\$29.95
UK Investment Trusts	0.6% or min 25 Sterling plus 0.5% UK Stamp Duty
Fixed interest	0.25-0.35% depending which broker

UK Pension Transfers

We use 2 schemes for Pension Transfers, the Aegis Investor Choice Scheme which is our own tailored scheme for amounts over \$100,000. We then use the Sovereign Select Wealth Management for smaller amounts. We charge a QROPS application fee of \$500 plus GST to and a fee of 1-2% is charged depending upon the amounts and time involved to complete the transfers. For smaller transfers a set fee is negotiated.

Direct Investments:

Richard Harden Investment Services is eligible to receive brokerages on the following products according to the schedule below. Please note that these are the maximum initial brokerages payable and in relation to managed funds the rates are discounted, especially if a client is investing substantial sums. The full 5% brokerage is never taken and generally a fee is charged instead of the brokerage.

We place some transactional business on an execution only basis into new fixed issues that come onto the marketplace through various stockbrokers. The level of brokerage varies and is disclosed to clients prior to placing the investment.

Product	Product Provider	Maximum Initial Brokerage as a %	Ongoing % of total investment
Direct Shares, Fixed Interest & Investment Trusts	First NZ Securities	1.0	Nil
	ASB Securities	1.0	Nil
	Direct Broking	1.0	Nil
Unit Trusts Mastertrusts Wrap Accounts	Select Wealth Management	5.0	0.75-1.0
	Private Portfolio Service	1-5	0.5-1.00
	Sovereign Select Wealth Management	5.0	1.0
Superannuation Funds	Axa APS	5.0	0-1%
	Aegis Investor Choice	5.0	varies
Cash Management	Macquarie GEAA	Nil	0.3
	UDC Finance	Nil	0.25
Fixed Interest Investments & Finance Companies			
	UDC	0.5% p.a	Nil
	South Canterbury Finance	0.5% p.a max 1.5	Nil
	Equitable	0.5% p.a. max 1.5%	Nil
	Marac	1yr 0.5% 2-5 yr 0.75%	Nil
Speciality Products	OM Strategic Ltd	4.0	0.50 after 2 yrs
	Liontamer	2.0	Nil
KiwiSaver	ING	Nil	0.2%- 0.25%
	Brook Asset Management	Nil	Nil%
	Fisher Funds	Nil	0.10%-0.25%

From time to time, Richard Harden may receive certain non-monetary benefits from product providers. This could include gratuities such as a bottle of wine at Christmas time, a free calendar, pen or book, luncheon, drinks after a briefing session, invitations to sporting events etc.



RJ HARDEN CFP^{CM}
Director
Richard Harden Investment Services