

Chris Lee & Partners Ltd
Kevin William Gloag (FSP19021)

Secondary Disclosure Statement - prepared on 15 March 2021

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.

Contact Details: PO Box 2151, Wakatipu, Queenstown 9349, Phone: (03) 6888700, Email: Kevin@chrislee.co.nz

Name and registration of Financial Adviser: Kevin Gloag - FSP 19021 sighted at <http://www.fspr.govt.nz>

Type of Financial Adviser and Product: I am a Financial Adviser, engaged by Chris Lee & Partners Ltd (CLP) as Financial Advice Provider (Transitional Financial Advice Provider licence, start 15 March 2021, expire 15 March 2023, standard conditions only). This means I am a registered financial service provider and provide financial advice under the license held by CLP.

We provide information and advice on investments, including debt and equity securities, unit trusts and managed funds. We do not provide advice on direct property investments, insurance, debt, budgeting, tax or estate planning. We have no formal ties with any product providers.

Financial Adviser Services (Scope, basis and philosophy): our business offers information, analysis, 'Broker Services' without fees. Our AFA's (Michael Warrington – MW, Chris Lee – CL, Kevin Gloag – KG, David Colman – DC, Edward Lee – EL, Jonathan Lee - JL) will offer 'Class Services' and 'Personalised Services' which will incur a fee. We are required to draw readers' attention to the limitations of a *Class Service* as not being a *Personalised Service* in the Code of Professional Conduct and Financial Markets Conduct Act. Use of the *Class Service* will require the client to Classify their risk settings. The Code is available on our website.

We consider our duties to be; providing clients with all information necessary to support their investment decisions, offering suitable financial advice when sought, helping clients to understand their tolerance for risk, providing access to investments. Investment performance is not one of our duties. We do not guarantee, nor underwrite, the success of any investment (see Disclaimer).

Duties defined in law: Meet standards of competence, knowledge and skill; ensure client understands the nature and scope of advice; give priority to client interests; exercise care, diligence and skill; comply with the Code of Conduct.

Our philosophy is that investors should seek high levels of cash flow from their investments especially when approaching, or in, retirement. Accordingly, we encourage high proportions of fixed interest investments in a portfolio or shares with reliable and attractive dividends until an investor comfortably has more cash flow than required. Thereafter a higher level of investment risk may be tolerable. We do not preach Modern Portfolio Theory, or that all things will come right in the long term, and thus our recommendations will differ from some of our peers.

We believe in keeping client costs to a minimum and thus are not significant users of managed funds due to relatively high annual fee expenses for the client. We believe self managed investment is appropriate for most investors until age restricts their willingness to manage investments, or if they include products where third-party expertise or extensive diversity is sought. As a result, we do not use fixed interest fund managers. Our Portfolio Administration Service caters for those who no longer wish to receive the investment paperwork at their homes.

We recommend that you review your investments regularly. We are happy to assist, when asked. We encourage you to read our website articles and quarterly printed newsletters as part of your review process.

All investment involves the risk of loss and that there is a relationship between risk and reward.

Material interests, relationships, or associations: CLP is owned by the Lee Family Trust (51%), Kevin Gloag (16%) and Warrington Family Trust (33%). We have no agency agreements, or sales commitments, but have formal agreements with two NZX firms for clearing NZX transactions. Our advisers have personal investments and we will

disclose these upon appropriate request or when a perceived or real conflict of interest exists. We avoid conflicts of interest by disclosing all forms and amounts of revenue to clients. We occasionally receive gifts from clients and product providers with relatively low values that do not influence our business process.

Remuneration: All financial advisers receive salary payments without connection to transaction volumes.

Fees and basis of service explanations: Specific definitions described in agreement signed by the client.

Service Type	Explanation	Cost
Broker Service	Deal execution only, new issues or secondary markets transactions (shares, preference shares, bonds, units etc). This service may, or may not, follow a discussion about the facts of an investment or markets (as above), or following an advice service (below). Service delivered by all methods of communication (Phone, in person, written)	No advice fee. Issuers usually pay us brokerage on new issue investments defined in covering letter. Client pays brokerage on secondary market transactions between 0.75% - 1.35% subject to deal size, min. \$50, displayed exactly on contract notes following transaction. Payment is due immediately.
Class Service	Make a recommendation or give an opinion in relation to acquiring or disposing of a financial product after being <u>instructed not to complete a suitability analysis.</u> Service delivered by all methods of communication (Phone, in person, written). Refer CS 3 for more info.	Client pays annual Fee of \$595 plus GST, by invoice. We will issue an agreement that acknowledges that the advice sought/given was a Class Service only.
Personalised Service	Make a recommendation or give an opinion in relation to acquiring or disposing of a financial product based on suitability analysis. Service delivered by all methods of communication (Phone, in person, written) Refer CS 3	Access to annual Service. We will issue a survey to the client gathering information. Client pays annual fee of \$1,500 GST, by invoice. Payment due prior to service delivery.
Portfolio Administration Service	PAS offers to relieve clients of their investment administration. Investment mail is directed to CLP offices to be recorded, filed and returned at the end of each tax year. Included is our Class Service of advice (as above) with this service.	Client pays a service fee based on the scale of the portfolio, subject to a minimum \$1,845 +GST (includes our Class Service). Payment is due prior to service delivery.

We do not offer advice on the following: Insurance, budgeting, tax or estate planning (trusts, wills).

Dispute Resolution: CLP has an internal dispute resolution process and a complaint register. We will strive to resolve all complaints without escalation. If you have a problem, concern, or complaint about any part of our service, please contact us in the first instance so that we can try to resolve it within two days. If we cannot agree on how to resolve the issue, we will refer the complaint to our external dispute resolution provider and you are invited to do so also. This service will cost you nothing and will help us resolve any disagreements. You can contact Financial Services Complaints Ltd at: 13th Floor, 45 Johnston Street, Wellington. Telephone number: 04 472 3725 Email address: info@fscl.org.nz.

Professional Experience and Qualifications (Competence):

KG: is a registered Financial Adviser (FA). KG has worked in financial markets for 43 years, including 10 years at Chris Lee & Partners, 5 years with the BNZ and over 28 years with South Canterbury Finance Ltd. Kevin coached rugby professionally for three years with the Highlanders.

Criminal Convictions: (Nil), **Disciplinary Proceedings:** (Nil), **Adverse Findings by Commission:** (Nil), **Bankruptcy or Insolvency Proceedings:** (Nil)

Procedures for handling client property: CLP operates a trust account at the ANZ for handling client money. The account is audited weekly by a staff member and annually by Dennis Blank, chartered accountant, Waikanae.

Indemnity Insurance: None of CLP, CL, EL, MW, DC or KG has indemnity insurance, preferring to hold real capital in our business, should it be necessary, to resolve unexpected costs. CLP has never failed to meet any legal obligation.

Disclaimer: All information and advice provided by us is done so entirely to contribute to your decision making process with respect to investing. For clarity, we accept no responsibility for making your investment decisions, the decisions that you make or the outcome of those decisions.

The client is exclusively responsible for all actions and decisions made regarding investment regardless of whether or not the client does so as a result of the information supplied by us.

Whilst every care has been exercised and the advice and statements made by us are based on information believed to be accurate, no liability can be accepted for any error or omission which may occur. Neither we nor our employees accept any responsibility whatsoever for information or actions that are the responsibility of any other party.

We do not guarantee the repayment of your capital or assure you of any level of return.

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 FMA (www.fma.govt.nz).

Declaration: We declare that, to the best of our knowledge and belief, the information contained in this disclosure statement is true and complete and complies with the disclosure requirements in the Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations 2020.

Signed:

Kevin Gloag