

# Financial Advice Provider Disclosure Statement

This Disclosure Statement provides you important information about Craigs Investment Partners Limited as a financial advice provider. This Disclosure Statement is a public disclosure statement and was prepared on 23 February 2023.



## 1. Licence status and conditions

We ("Craigs Investment Partners Limited", "CIPL", "our" and "us") hold a financial advice provider ("FAP") licence issued by the Financial Markets Authority to provide financial advice services. We outline our details below:

FAP name	Craigs Investment Partners Limited
Postal address	PO Box 13155 Tauranga Central Tauranga 3141
Freephone number	0800 272 442
Telephone number	+64 7 577 6049
Email	headoffice@craigsip.com

## 2. Nature and scope of financial advice service

Under our FAP licence, we and our Financial Advisers are authorised to provide financial advice on financial advice products including, but not limited to, equities, bonds and other fixed income investments, managed funds, KiwiSaver and superannuation savings. We are also able to provide investment planning services and discretionary investment management services ("DIMS").

All services provided to clients are subject to our Terms and Conditions (as amended from time to time).

## 3. Fees, expenses, or other amounts payable

The following charges may apply on the services we or our subsidiaries provide to you:

Fee Type	Fee
Brokerage	Brokerage fees are incurred when purchasing and selling securities and are based on the value of the transaction. Brokerage fees vary depending upon the security being traded and the exchange they are traded on.  A minimum brokerage fee applies for each market. Any agency fees are included in the brokerage fees but other transaction fees including levies and taxes (e.g. stamp duties) will be added to brokerage fees, where they are charged.  A transaction fee of up to 1% may be charged. All transaction fees are payable on settlement of each transaction. Minimum fees are available on request.
Portfolio Management	An annual fee of up to 1.25%, based on the market value of the portfolio, will be charged. Portfolio fees are calculated at the end of each calendar quarter and are payable quarterly in arrears in the month following the end of each calendar quarter.  Portfolio fees include investment advice and ongoing portfolio monitoring, and provision of custodial services, including the transacting of corporate actions. A minimum fee applies.
Superannuation, KiwiSaver and Managed Investment Schemes	We offer a range of superannuation and KiwiSaver products and a range of Managed Investment Schemes.  Entry, Exit, Custodial and Management fees may apply. For specific details please refer to the latest Product Disclosure Statement.
Custodial Services	An annual fee of up to 0.625%, based on the market value of your portfolio will be charged. Custodial fees are calculated at the end of each calendar quarter and are payable quarterly in arrears in the month following the end of each calendar quarter. A minimum fee applies. Alternatively a fixed dollar charge per security held can be applied.
Foreign Exchange	No fixed fee is charged in relation to providing foreign exchange services, although we may earn a margin of up to 1.25% on any foreign exchange transaction we undertake for you. The margin will be the difference (if any) between the exchange rate that we provide to you for the transaction (the "client rate") and the exchange rate provided to us by the transacting bank for that exchange transaction (the "wholesale rate").
Cash Management Accounts	The Cash Management Nominee may charge commission to the respective bank where a deposit has been made through the Cash Management Account(s). If charged, this commission is taken into account in setting the interest rate(s) paid on a Cash Management

Account. All costs of administering the Cash Management Accounts by the Cash Management Nominee are met from the commission charged by it (though transaction fees may be imposed in certain circumstances for specific clients).

The current rates of commission in respect of the Cash Management Accounts are calculated on a tiered rate up to a maximum of 1.25% per annum calculated on the actual balance on the account. Please note this is a maximum and does not necessarily reflect the amount charged at any point in time. Further information on the rates of commission and rates of gross interest may be obtained from your Financial Adviser.

A break fee of \$30 may be applied for the early redemption of a term deposit.

Certain investment funds may also have fees and expenses, including performance fees in some cases, which are charged by the manager and trustees. These fees and expenses will be reflected in the investment fund's unit price and may therefore indirectly affect your returns.

#### 4. Conflicts of interest and commissions or other incentives

##### *Conflicts of interest*

We have the following relationship(s) with the relevant organisations which may give rise to a conflict of interest. For the purposes of the Financial Markets Conduct Act 2013, a conflict of interest means any interest of Craigs Investment Partners, myself, or any other person connected with the advice in which a reasonable client may find reasonably likely to materially influence our advice:

Relevant Organisation	Description of Relationships
<b>CIP Cash Management Nominees Limited (Cash Management Nominee)</b>	The Cash Management Nominee, a wholly owned subsidiary, established to hold deposits on bare trust for clients who have Cash Management Account(s). Accounts are held with selected registered banks.
<b>CIP Nominees No 1 Limited</b>	CIP Nominees No 1 Limited, a wholly owned subsidiary, is the nominee company for the mySTART Service.
<b>Craigs Investment Partners Superannuation Management Limited (CIPSML)</b>	CIPSML, a wholly owned subsidiary, formed to develop and manage Superannuation and KiwiSaver Schemes.
<b>Custodial Services Limited (CSL)</b>	CSL, a wholly owned subsidiary, provides custodial services to our clients as well as a number of clients independent to us.
<b>Fonterra Co-operative Group Limited</b>	We are the Registered Volume Provider (market maker) for the Fonterra Shareholders Market.
<b>J.P. Morgan Securities Australia Limited (JPM)</b>	We and J.P. Morgan Securities Australia Limited have formed a strategic alliance which is designed to offer a broader range of products and services to our respective corporate and private wealth clients.
<b>Smartshares Limited (Smartshares)</b>	<p>Certain managed investment products issued by Smartshares Limited, a wholly owned subsidiary of NZX Limited (<b>NZX</b>), are offered via Craigs Investment Partners and Craigs Investment Partners Financial Advisers. Smartshares and NZX are not related parties of CIPL or any other Craigs Investment Partners group company.</p> <p>Smartshares acquired the management rights for the QuayStreet Funds and the QuayStreet KiwiSaver Scheme from CIP Investment Management Limited (<b>CIPIML</b>) (formerly known as QuayStreet Asset Management Limited), a wholly owned subsidiary of CIPL. As part of that transaction:</p> <ul style="list-style-type: none"> <li>on 3 March 2023, CIPL acquires approximately 2% of the issued shares in NZX (at the time); and</li> <li>CIPIML or its successors or permitted assigns may be paid up to \$18.75 million of additional consideration from Smartshares based on investments through CIPL's network into managed investment products managed by Smartshares over a three-year period commencing on 23 November 2022 (<b>Earn-out Arrangements</b>).</li> </ul> <p>CIPL has also entered into product support and distribution arrangements with Smartshares, which include obligations in respect of the promotion and distribution of managed investment products offered by Smartshares.</p>

	<p>These arrangements with Smartshares could influence us to recommend managed investment products issued by Smartshares, due to the fact that CIPL may receive financial benefits for the distribution of managed investment products managed by Smartshares.</p> <p>Our staff who are shareholders of CIP Holdings Limited could potentially receive benefit from the Earn-out Arrangements, by way of business profits.</p> <p>Managed investment products managed by Smartshares are some amongst many investment options available and we and our financial advisers must take all reasonable steps to ensure any advice given is not materially influenced by our or our financial adviser's own interests.</p>
<b>Wilson's Holdings Company Pty Ltd and its Group companies (Wilson's)</b>	<p>Wilson's is the private wealth, corporate advisory, institutional equities and research arm of Wilson's Holdings Company Pty Ltd. Wilson's is 50% co-owned by Wilson's employees and 50% by us.</p> <p>Wilson's Advisory and Stockbroking Limited provide execution and settlement services for us in relation to our clients trading in issuer sponsored securities on the ASX.</p> <p>We may receive income from Wilson's based on fees generated.</p> <p>Our staff who are shareholders of CIP Holdings Limited could potentially receive benefit from Wilson's by way of business profits.</p> <p>Our relationship with Wilson's could influence us to recommend financial products where Wilson's has been engaged by the Issuer (for example, as lead manager), because we may earn brokerage or receive other benefits for the distribution of those products.</p> <p>Our clients are not obliged or restricted to securities (primary or secondary) that originate from a Wilson's transaction. Our staff may have an increased chance of securing their clients 'stock' when Wilson's is mandated but would only receive normal industry brokerage/fees from such transactions. These fees and when Wilson's is mandated on a transaction will be disclosed to clients.</p>
<b>Zespri Group Limited</b>	We provide a market maker service to Zespri Group Limited.

We operate a conflicts of interest policy which is designed to identify potential conflicts that may exist and then ensure any actual or perceived conflict is managed in an appropriate manner (this is typically done by disclosing that conflict). The policy is constructed to ensure at all times we and our Financial Advisers place the interests of our clients above our own interests.

#### Remuneration and commissions

We take steps to manage any conflicts of interest arising from the receipt of remuneration and commissions. These steps include:

- ensuring a range of investment options are available to clients;
- requiring Financial Advisers to provide adequate disclosures internally to our Compliance Team and to clients where potential conflict exists;
- monitoring trading activities undertaken by Financial Advisers to ensure that no trading occurs which could be detrimental to clients; and
- our conflicts of interest policy.

Revenue may come from fees, brokerage and margins earned by us which are detailed below.

Staff, who are shareholders in CIP Holdings Limited (a holding company for Craigs Investment Partners employee share ownership), will receive any distributions paid by CIP Holdings Limited to its shareholders. The Financial Advisers who are shareholders of CIP Holdings Limited could potentially receive benefit from clients who invest in products offered by companies in the table below. Any payment of dividends by CIP Holdings Limited has no effect on the investment advice we give to you.

The type and potential levels of remuneration are set out below:

Relevant Organisation	Potential Conflict of Interest
<b>CIP Cash Management Nominees Limited (Cash Management Nominee)</b>	<p>We receive a share of any commission charged by Cash Management Nominee. A portion of any commission received is attributed to our staff.</p> <p>Our clients with accounts through one of our custodial services are required to open an account with CIP Cash Management Nominee.</p> <p>Our clients with accounts through one of our other services are not required to open an account with CIP Cash Management Nominee.</p> <p>Our clients are not restricted from having cash facilities with other financial service providers.</p>
<b>Craigs Investment Partners Superannuation Management Limited (CIPSML)</b>	<p>We receive a fee from CIPSML for the provision of administration, investment management and registry services provided under a management agreement between us and CIPSML (in relation to the Craigs Investment Partners Superannuation Scheme "superSTART", Craigs Superannuation Scheme and the Craigs KiwiSaver Scheme).</p> <p>Our staff receive remuneration calculated as a % of total revenue attributed to them.</p>
<b>Custodial Services Limited (CSL)</b>	<p>Our staff receive remuneration calculated as a % of total revenue attributed to them.</p> <p>Our clients are not restricted to using CSL for custodial services and CSL does not restrict the types of securities a client can invest in.</p>

<b>Fonterra Co-operative Group Limited</b>	We are the Registered Volume Provider (market maker role) for the Fonterra Shareholders Market and receive a fee for undertaking this role.
<b>Karaka Management Limited (Karaka)</b>	We receive an administration services fee of 0.25% p.a. from Karaka based on the committed or invested capital in the Karaka Private Equity Fund.
<b>Kowhai Private Equity No 1 LP (Kowhai) Kowhai Private Equity No 4 LP</b>	We receive an administration services fee of 0.25% p.a. from Kowhai based on the committed or invested capital in Kowhai.
<b>NZ Social Infrastructure Fund (NZSIF)</b>	We receive management fees of 0.25% from NZSIF based on the committed or invested capital in NZSIF. Our staff do not receive any additional incentive for recommending clients invest in NZSIF over other funds that we may offer to clients.
<b>Pilot Bay Funds Management Limited (Pilot Bay)</b>	We receive a management fee of 1% pa from Pilot Bay calculated on the gross value of the Pilot Bay US Small Cap Fund.
<b>Pohutukawa Private Equity V Limited (PPE V)</b>	We receive an administration services fee of 0.125% based on the invested capital of the fund.
<b>Pohutukawa Private Equity VI Limited (PPE VI)</b>	We receive an administration services fee of 0.25% based on the committed capital of the fund. In year 6 of the fund the administration services fee reverts to 0.125% based on the invested capital of the fund.
<b>Smartshares Limited (Smartshares)</b>	Certain managed investment products issued by Smartshares are offered via Craigs Investment Partners and Craigs Investment Partners Financial Advisers. As described in the table above, our wholly owned subsidiary, CIPIML may be paid up to \$18.75 million of additional consideration from Smartshares based on investments through CIPL's network into managed investment products managed by Smartshares over a three-year period commencing on 23 November 2022.
<b>Zespri Group Limited</b>	We provide a market maker service to Zespri Group Limited and receive a fee for providing this service.

We may receive management fees, advisory fees, commissions, underwriting and firm commitment fees for providing services to the Issuer of securities in relation to public offerings, capital raisings and corporate activity.

We or an associated person may have a direct or indirect pecuniary or other interest in giving investment advice to you. We or an associated person will or may receive remuneration directly or indirectly, from a person other than yourself as an investor and in connection with the giving of investment advice to you or a transaction resulting from the giving of investment advice to you.

We or a Prescribed Person (as defined in the NZX Participant Rules) may, from time to time, hold securities, which are the subject of advice given to you. These holdings may constitute a threshold interest in the security, which I am recommending to you or which you may buy or sell. A threshold interest is an interest that exceeds \$250,000 NZD, or equivalent value, of the security on issue.

## 5. Complaints process

If you have a problem, concern, complaint or expression of dissatisfaction in connection with any of the services that we have provided, you should, in the first instance, promptly (in writing and/or verbally) detail the particulars of the matter to your adviser. Alternatively, you can put your complaint in writing to the Head of Compliance using the following contact details:

<b>Postal address</b>	Craigs Investment Partners Limited Attention: Head of Compliance PO Box 13155 Tauranga Central Tauranga 3141
<b>Telephone number</b>	+64 7 577 6049
<b>Email</b>	compliance@craigsp.com

We have an internal complaints procedure to ensure all complaints are dealt with properly. We will:

1. Acknowledge receipt of the complaint within 2 business days of receipt of the complaint.
2. Ensure that the complaint receives proper consideration.
3. Act in good faith in dealing with the complaint.
4. Obtain all relevant information to investigate the complaint.
5. Communicate the determination and any remedies no later than 40 business days after receipt of the complaint.

#### **6. Disputes resolution process**

We will try to resolve your complaint in good faith. If the complaint in relation to our financial advice service is not resolved to your satisfaction using our internal complaints process, you can access a free, independent resolution service, and that service may help investigate or resolve your complaint. We are a member of Financial Services Complaints Ltd, an external dispute resolution scheme. You can contact Financial Services Complaints Ltd at:

Financial Services Complaints Ltd  
PO Box 5967  
Lambton Quay  
Wellington 6145  
Telephone +64 (4) 472 3725 or call free on 0800 347257  
Email: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

We are regulated by NZRegCo and the Financial Markets Authority. If you are unsatisfied with our service you may also contact NZRegCo or the Financial Markets Authority at:

NZRegCo  
Chief Executive Officer  
PO Box 2959  
Wellington 6140  
Email: [participant@nzregco.com](mailto:participant@nzregco.com)  
Telephone +64 (4) 472 7599

Financial Markets Authority  
Email: [questions@fma.govt.nz](mailto:questions@fma.govt.nz)  
Telephone +64 3 962 2698 or call free on 0800 434566.

#### **7. Duties information**

Craigs Investment Partners and any Financial Advisers giving financial advice on our behalf are subject to certain obligations contained in the Financial Markets Conduct Act 2013 and the Code of Professional Conduct for Financial Advice Services. These obligations mean that we are required to:

- meet certain competency, knowledge, and skill requirements;
- meet ethical, conduct, and client care standards;
- give your interests priority;
- ensure our financial advice is not materially influenced by our own interests; and
- exercise care, diligence, and skill when providing financial advice to you.