

# CRANFIELD INSURANCE & INVESTMENTS LTD

## DISCLOSURE STATEMENT

**Name:** Sam Cranfield and Marcus Cranfield

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 our company. It provides details about:

- the services we can provide;
- how we operate our business;
- our qualifications as investment advisers;
- what investment products we are able to sell you;
- which financial organisations we are able to place business with; and
- how we are remunerated.

This document was prepared on **7<sup>th</sup> March 2008**.

**Employer:** Cranfield Insurance & Investments Ltd  
**Address:** Level 10 Bayleys Building, Corner of Brandon St & Lambton Quay, P O Box 10-812 Wellington  
**Relationship to Company:** Sam - Director/Shareholder  
Marcus - Director/Shareholder, Employee  
**Phone:** 04 472 3523 **Fax:** 04 472 7797  
**Email :** enquiries@cranfieldinvestments.co.nz  
**Date commenced with Company :** Sam - 1<sup>st</sup> April 2000 Marcus - 17<sup>th</sup> January 2005

### DETAILS OF THE FIRM

Cranfield Insurance & Investments Ltd (CII) provides a comprehensive financial planning service which concentrates on Risk & Wealth Management. CII has two advisers and one full-time administrator who specialize in the following areas:

- Risk Management
- Retirement Planning
- Investment Planning
- Kiwisaver
- UK Pension Transfers

CII is a private company and was formed in 2000 after it took over the business of Sam Cranfield. Both Sam and Marcus Cranfield are directors of the company.

When we give advice we 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, 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.

This can require a series of meetings with a prospective client before our advice is finalised. It also means we maintain a close ongoing relationship with clients, regularly reviewing progress and working with them over time to ensure their goals can be met.

The services we provide will depend on your needs. They may include any or all of those detailed in this Disclosure Statement.

Our advice will take account of your personal objectives, financial situation and needs. It will be clear and concise, with enough detail for you to make an informed decision about whether to act on it.

## EXPERIENCE

### Sam

Has been in the Financial and Insurance Service Industry for over 20 years (July 1987). Prior to this he had involvement with share, foreign exchange and futures markets, reporting and publishing.

In these 20 years he has continued his education and re-education, utilising the now titled organisation AdvisorLink Group which is approved under the NZ Qualifications Authority under the Education ACT of 1989, this education is ongoing.

### Marcus

Has been involved in the financial services industry since 1998, working within several Wellington financial institutions before heading overseas and working in London and Amsterdam in Risk and Asset Management for several global banks. He joined CII in January 2005.

## QUALIFICATIONS

We keep our qualifications up-to-date by continuing our ongoing education in financial planning by attending seminars and conferences held by the professional body to which we belong, the Institute of Financial Advisers (IFA).

We also attend seminars held by companies to provide background to their products and to give advice about wider financial planning issues, on average, 2 such seminars a year.

### Marcus

Marcus graduated from Massey University, Palmerston North with a Bachelor of Business Studies degree, majoring in Management in 1997.

Marcus is completing the requirements to become a Certified Financial Planner **CFP<sup>CM</sup>**.

- He has completed his Graduate Diploma of Business Studies endorsed in Personal Financial Planning in November 2007.
- He is also due to complete a CFP Mentorship of 2 years which is another requirement for the CFP designation in August 2008.
- He is currently completing the NZQA Certificate in Financial Services and has completed 5 papers out of the required 8 and due to complete in 2008.

## PROFESSIONAL BODIES

We are a member of the **Institute of Financial Advisers** and, as a condition of our membership we adhere to the IFA Code of Ethics and IFA Practice Standards in all facets of our practice.

We are also a member of **AAA – AXA Advisers Association**

## PROFESSIONAL INDEMNITY INSURANCE

In compliance with the Institute of Financial Advisers Code of Ethics, we have liability insurance which includes the following covers:

**Professional Indemnity, Public Liability and Internet Liability.** This insurance applies when we act as a life and general agent of any insurance or assurance company and/or intermediary, agent or consultant in the sale or negotiation of any financial product. As with all insurances, these covers have limitations and are subject to certain exclusions terms and conditions.

## DISPUTE RESOLUTION

A dispute resolution facility is available by contacting either Sam or Marcus in an endeavour to come to a mutually satisfactory resolution.

If we cannot come to an agreement, there is an independent complaints procedure available through the IFA; 0800 404 422 or National Office, PO Box 5513, Wellington.

In certain circumstances you may also be able to use the services of the Insurance and Savings Ombudsman.

## DISCLOSURE OF CERTAIN CRIMINAL CONVICTIONS

**Neither the Advisor, the Company nor directors of the Company have 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;
- 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.
- placed in statutory management or receivership

## FEES

Our professional remuneration varies according the precise nature of our engagement and may be based on one of the following:

- A commission/brokerage paid by the product suppliers to us following business placed with them. This is paid out of entry or other fees which the investor would pay regardless of whether they deal direct with the supplier or not. For insurance/risk business, this is our standard agreement.
- A planning, entry and implementation fee charged by us to you. Brokerage if any may then be rebated back to your account. If we are using the Prospero Investment Services Ltd / Grosvenor system, these fees depend on the size of the investment, and may be paid by separate cheque to CII.
- Fees and commission/brokerage

If we are providing a formal investment plan, a financial plan or a summarised report, we may make a nominal charge of between \$300-500 plus GST. However we normally rebate this once you implement your plan. A comprehensive financial plan incorporates the areas of investment, estate and retirement planning, cash management, and risk management but we may limit the report or verbal advice at your request, to some of these areas only. If you are not planning to purchase any financial product through us but would like to discuss various

investment and risk options or concepts and with or without a formal written report, it may be more appropriate for you to pay a time based fee. The hourly rate would be \$150 plus GST under this arrangement. First appointments to discuss investment, superannuation or insurance options may attract a fee of \$150 plus GST. If you subsequently did purchase any financial product/s through CII where we may receive brokerage of at least this amount, then we may rebate any fees already paid.

Kiwisaver: For Kiwisaver seminars for companies, our standard rate is \$150 plus GST. A typical seminar length is 45-60 minutes. For individual advice meetings of up to 30 minutes, our standard rate is \$50 plus GST per employee.

Some providers pay CII an initial fee of \$30 to \$50 per Kiwisaver plan bearing our broker stamp and/or ongoing trail commission of between 0.10% to 0.50% of funds under management.

If we are charging an implementation or entry fee on lump sum investments, the following is the standard basis; but we then rebate any brokerage received if applicable. The client may choose which basis s/he prefers.

Investments to \$1,000,000	1.0%
\$1,000,000+	Please refer for pricing

Entry fees on new drip feed investments are usually between 1% and 5% of regular contributions.

If we are implementing investments or insurance and superannuation products without a formal investment or financial plan or report provided, we may receive brokerage or commission from the product suppliers.

Some investments and insurance products are purchased by clients through us only on a transaction only basis but without any recommendations from us. Brokerage may still be received by CII. Charges would normally be detailed in any accompanying investment statements, quotations or illustrations.

Trail and administration fees are also paid by some fund managers and life companies on funds under management (FUM) or funds under advice (usually between 0.2% and 1.0% p.a.) and renewal commission/brokerage by fund managers and life companies (usually between 1% and 5% of regular contributions). Portfolio service fees (0.60% p.a. inc. GST) and trail fees (0.50% p.a.) are also paid by Prospero on FUM and this is not rebated. Trail brokerage for Kiwisaver products ranges between 0.10% p.a. and 0.50% p.a. and in addition we may receive an initial member fee of up to \$50. An exit fee from the Prospero system of 1% of FUM can be charged.

Share brokerage (on shares not bought and sold through the Prospero system) is charged at 1.5% (minimum \$50) of which we receive half. No advice is given for share sales and purchases other than through the Prospero system.

If there is any change to these arrangement, the proposed basis of our charges and the details of specific charges will be provided to you at the time of entering into an agreement and after we are more fully aware of the nature and scope of our engagement.

We request that the implementation of your prepared personal financial plan, investment plan, or report is completed through CII. In other words, if we do the background work we would expect to implement the investments, superannuation or insurance for you.

In all cases we will detail the fees applicable to you before you invest any money through CII.

## OTHER INTERESTS AND RELATIONSHIPS

CII has agency agreement or relationships with life offices, insurance companies and fund managers etc and may place Life, Total and Permanent Disablement and Trauma cover, Income Protection, and Health Insurance, Unit Trusts, Fixed Interest and Superannuation and Kiwisaver products with them.

We may place insurance and investments with almost any provider however, to be able to use provider's insurance products and superannuation funds; we must enter into a detailed agency agreement. None of our providers require that we place a percentage of our clients' money with them. A full list of companies whose products we may offer to our clients is provided in Appendix 1.

AXA also provides some software and technological support.

Grosvenor Financial Services Group Limited, a privately owned company, provides investment and management services for CII. GFSG also provides technological, software and other support to CII.

Officers of CII have a minority shareholding in GFSG, from which they receive dividends from time to time.

Tranzact Financial Services Limited, a financial services company listed on the ASX, has acquired a minority financial interest in CII. GFSG holds a majority financial interest in Tranzact. An officer of CII has a minority shareholding in Tranzact.

### Sam

Sam holds as an individual and as a beneficiary of family trust shares in the following company's which he may use for your investments and insurances:

AMP (Australia)	QBE (Australia) Reinsurance
AXA (Australia)	Tower (NZ)
CBA Bank (Australia) Sovereign Owner	Transact (Australia)
Grosvenor Financial Services Ltd (NZ)	Suncorp (Australia) Asteron Owner
NZ Stock Exchange (NZ)	Westpac (Australia) Bankers Trust Owner

AXA contribute to Superannuation funds for Sam Cranfield

### Marcus

Marcus has a minority shareholding in TriMax Assurance Services Ltd (TriMax).

We have relationships with the following companies or software we may utilise to assist in providing investment or insurance advice or services to our clients:

- Prospero Investment Services Limited
- Grosvenor Financial Services Group Limited
- Grosvenor Custodial Administration Services Limited
- Strategy Financial Services Limited
- First New Zealand Capital Limited

We also use publicly available information relating to ratings of insurance and financial organisations. These include but are not necessarily limited to Standard & Poor's AM Best and Fitch ratings.

There are no arrangements with any product supplier that prevent selling the investment products of any other supplier.

CII may receive remuneration in the form of brokerage or commission from suppliers according to their standard rates.

These commissions usually comprise an initial payment on placement of business which may include a higher bonus component based on the level of business or through membership of a producer group plus an annual fee or renewal commission as long as policies or plans remain in force. Some companies pay a level commission percentage of the annual premium for the life of the policy.

The rate of commission may vary from time to time. Details will be provided prior to your investment.

CII or its advisers may receive additional compensation or economic benefit from product suppliers for business provided including non-monetary considerations such as conferences, training courses, travel rewards both nationally and internationally, sporting events, special functions, entertainment, incentive give-aways and merchandise, company share options and office related expenses.

These rewards vary from company to company and from time to time. It is at CII's discretion whether any or all of the above financial and non-monetary rewards are accepted. These benefits do not result in any additional cost to you for the services we provide but in the event that a specific product we recommend is part of an incentive programme by the supplier, we will let you know.

Our client focussed service means we also attract business from referrals. If a person or company has referred you to us, we may pay them a commission for the referral they make. This will not result in any additional cost to you for the services we provide.

To the best of our knowledge and belief we are not aware of any other existing or potential conflicts of interest which could impair our impartiality and objectivity as advisers or providers of professional services.

If we do become aware of such conflict before you purchase any products or services we shall inform you as soon as we become aware.

## **REMUNERATION**

### **Sam**

Sam receives remuneration from CII in the form of drawings and dividends from time to time. CII may receive commissions, trail fees, fees and dividends from providers in connection with the giving of investment advice to you and on any transactions resulting from that advice. This enables us to operate our business and so that we can continue to provide advice on your investment and insurance needs.

### **Marcus**

Marcus receives remuneration in the form of salary and bonuses from CII on sales of insurance, investment, superannuation products. The range of this remuneration is provided in the section on fees above. His employer, CII may receive commission and other trail fees from providers in connection with the giving of investment advice to you and on any transactions resulting from that advice. This enables us to operate our business and so that we can continue to provide advice on your investment and insurance needs.

## **HANDLING OF CLIENT MONIES**

We do not handle client funds as all investment cheques are made payable to the payees designated on the relevant prospectuses or to Grosvenor Custodial Administration Services Limited (GCAS Trust Account – Deposit), where appropriate.

Clients who elect to have their portfolios managed (using the Managed Investment Account – MIA) will invest in deposit accounts with the National Bank, operated by the Administrator, Grosvenor Custodial Administration Services Limited, from which funds will be used to buy, sell, acquire or redeem securities, and to pay fees. Securities are held by the securities custodian (Asset Custodian Nominees Limited “ACNL”) as bare trustee for the client, in an account recorded by the Administrator.

In using the MIA, the Client will appoint the Adviser as the Client’s attorney with authority to implement the transactions in terms of a specific Client Mandate agreement.

Where clients elect not to have managed portfolios clients may utilise a custodial service through ACNL which is recorded by the Administrator, or retain all securities themselves.

All transactions are recorded and reported to the client on a regular basis. Access to all client records is available on request. Client transactions are audited and a copy of the audit report is available to clients on request.

In completing a transaction in relation to the acquisition of any particular security the following information is available to you:

- A full description of the security.
- A copy of the current brochure, product description, investment statement or prospectus published by the security issuer.
- A full description of the nature of any guarantee associated with the security.
- Full details of the identity, name and address of the security issuer, including the principals.
- A clear description of all the fees and charges to be borne by the client, associated with the investment in, or costs relating to, the acquisition and or management of the security.

**RESEARCH, ADVICE, DUE DILIGENCE**

We follow a due diligence and research process recognised by our peers, which provides the basis for our recommendations and for our specific product recommendations but we do not guarantee the performance of any products or guarantee the return of capital of any products recommended. If the products are market valued, they can and do go up and down in value.

**AREAS OF ADVICE**

We are able to give advice on the following products, which are relevant to the indicated areas of need:

<b><u>Need</u></b>	<b><u>Product</u></b>
Risk Management	Term Life, Total & Permanent Disablement, Trauma/Critical Care, Income Protection, Health/Medical Insurance, Key-Person and Co-Shareholder/Partnership Cover, Whole of Life and Endowment Insurance
Investment Planning	Investments through the Prospero system, direct shares, unit trusts, registered Superannuation schemes, capital guaranteed structured products
Retirement Planning	Kiwisaver schemes, registered Superannuation schemes

## **PRIVACY ACT 1993**

Personal information collected in connection with your financial situation will allow CII to offer products and service to you. It may also be used to provide you with information about other products or services offered by CII.

Under the Act you have the rights of access to and correction of any personal information about you. The personal information will be held by CII at Level 10, Bayleys Building, Brandon St, Wgtn City, or old records in safe storage. Some information may be held by Grosvenor Financial Services Group.

## **DISCLAIMER**

Investment products recommended may be subject to market fluctuations and may fall or rise in value, for example due to a fall/rise in interest rates or share prices. Neither Cranfield Insurance & Investments Ltd nor any other person or company guarantees the performance of any products (that is, a particular rate of return) or the repayment of your capital. Any past results that may be supplied by fund managers, Prospero or Grosvenor Financial Services Group are no indication of future performance.

Please check the prospectuses or investment statement for any qualifications on any projections of investment returns. Any Australian based funds and International funds unless hedged are subject to exchange rate fluctuations, which will have an effect on the value of returns of N.Z. investors.

Any advice that CII or its advisors or employees give and any reports they prepare or recommendations they make are not guaranteed and are merely an expression of opinion although based on information and services obtained from reputable outside analysts and the expertise of CII and its advisers. We believe that the reports and recommendations will be as appropriate and accurate as possible and all reasonable care will be taken both in their preparation and in the use of outside sources.

No liability is accepted by CII, its employees or officers for any error or omission other than recommending that you invest in a security which is not legal. CII strongly recommends that this qualification be borne in mind when making any decisions based on any report or recommendations. The decision to act in reliance upon any opinions, reports or recommendations given by CII or its advisers or employers must be that of the client alone using that client's own skill and judgement. They are given for the client's exclusive use and no liability whatsoever is accepted if it is relied upon by a third party.

## **DECLARATION**

Sam and Marcus on behalf of Cranfield Insurance & Investments Ltd declares that this document incorporates the minimum standards of disclosure in terms of the Standards of Professional Practice required by the IFA and a master copy of this document is on file with the Securities Commission. It also incorporates the mandatory disclosure requirements set out in Part 4 of the Securities Markets Act 1988 and the Securities Markets (Investment Advisers and Brokers) Regulations) 2007

**APPENDIX 1****COMPANIES WE MAY DEAL WITH**

AIG (formerly AIA)

AMP

Asteron (formerly Royal & Sun Alliance)

AXA

Bankers Trust

CIGNA Life Insurance

Comprehensive Travel Ltd

First New Zealand Capital Ltd

Fidelity Life

Grosvenor Financial Services Group

ING (formerly Armstrong Jones)

ING Life (formerly Club Life)

Man Investments

NZ Funds Management Ltd

Prospero Investment Services Ltd

Sovereign

Tower

TriMax Assurance Services Ltd

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