

Investment Adviser Disclosure Statement

Brian Coker

This disclosure document has been prepared in accordance with section 41A of the Securities Markets Act 1988 and the Securities Markets (Investment Advisers and Brokers) Regulations 2007 for Pinnacle Wealth Management Limited in respect of itself and its principal officers.

This document was prepared on **22 March 2011** and incorporates the disclosure statement for my employer, Pinnacle Wealth Management Limited. Pinnacle Wealth Management Limited has an agreement with Perpetual Portfolio Management Limited allowing it to provide the advice-based services offered by Perpetual.

Originating in 1884, Perpetual is a wholly owned subsidiary of NZX-listed Pyne Gould Corporation and a proud New Zealand owned authorised trustee company and provider of comprehensive financial solutions.

Pinnacle Wealth Management Limited

Address: 57 Waterloo Road, Hornby, Christchurch 8042, PO Box 112, Christchurch 8140

Phone: +64 3 924 3471 or 0800 737 738

Fax: +64 3 379 8608

Email: brian.coker@perpetual.co.nz

How we operate

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, 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.

Investment Adviser

I am employed by Pinnacle Wealth Management Limited as an investment adviser.

Experience

I am a financial planner and have been practising as an investment adviser since 1988. I have been a Perpetual adviser since November 2001.

Qualifications

I have a Graduate Diploma in Business Studies (Personal Financial Planning) from Massey University, awarded in 1997. I am a Certified Financial Planner^{CM} (CFP^{CM}) practitioner.

I keep my qualifications up-to-date by completing at least 60 hours of Continuing Professional Development (CPD) every two years. CPD hours relate to participation in relevant courses, briefings, conferences and educational activities.

Professional and regulatory bodies

I am a member of the Institute of Financial Advisers ("IFA") 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.

In compliance with the recently introduced Financial Service Providers Act, both Perpetual and myself are registered under the Act, this governs what services I am able to provide as a Financial Adviser. For more information on the Act visit www.business.govt.nz/fsp.

Professional Indemnity Insurance

In compliance with the IFA Code of Ethics, I have professional indemnity insurance which covers all my areas of practice described in this Disclosure Statement.

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Dispute resolution

In the event of a dispute you should first contact me or:

Tracey-Lee Pettifer
Head of Adviser Services
Perpetual Portfolio Management
PO Box 112
Christchurch 8140
Phone: 09 927 9507
tracey-lee.pettifer@perpetual.co.nz

If the matter is not resolved in this way you should contact Financial Services Complaints Limited (FSCL) our independent disputes resolution provider by telephoning 0800 347 257 during business hours or at PO Box 5967, Lambton Quay, Wellington 6145.

Disclosure of Certain Criminal Convictions

Pinnacle Wealth Management Limited confirms that during the last five (5) years, Pinnacle Wealth Management Limited has not been placed in statutory management or receivership.

I confirm that I have not been, and Pinnacle Wealth Management Limited confirms that neither it, nor any principal officer of Pinnacle Wealth Management Limited has, within the last five years, been:

- convicted of an offence under the Securities Markets Act 1988 or the Securities Act 1978, or for a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961); or
- a principal officer of a body corporate, if a body corporate committed an offence under the Securities Markets Act 1988, or the Securities Act 1978, or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961); or
- adjudged bankrupt; or
- prohibited by an Act or by a court from taking part in the management of a company or business; or
- the subject of an adverse finding by a court in any proceeding that has been taken against me in my capacity as an investment adviser, or in relation to Pinnacle Wealth Management Limited, taken against Pinnacle Wealth Management Limited or any of its principal officers, in its, his or her professional capacity; or
- expelled from, or prohibited from being a member of a professional body.

Remuneration

I am remunerated by a salary paid to me by Pinnacle Wealth Management Limited.

From time to time, Pinnacle Wealth Management Limited or I may receive benefits from product providers that are recommended by me. Such benefits may take various forms including pens and stationery, meals in conjunction with product or market educational seminars, other meals or entertainment, gifts at special times during the year or subsidised conference costs or travel.

In addition to fees charged to clients, Pinnacle Wealth Management Limited is also given travel for me to go to Perpetual conferences and briefings. Pinnacle Wealth Management Limited may also receive a contribution towards client care, gifts and functions and business development initiatives.

At times, Perpetual and/or other product providers may give gifts or run sales competitions with prizes such as gift vouchers, bottles of wine, entertainment, travel vouchers and so on.

In certain cases where advice provided consists only of a direct investment into a particular product, there may be commission payable by the product provider to Perpetual, Perpetual subsequently pays 45% of the net commission on to Pinnacle Wealth Management Limited.

Such products include KiwiSaver schemes, finance company deposits and mortgage funds.

In the case that a commission is applicable this will be disclosed to the client prior to any investment being made. It should be noted that commission will not be accepted by Perpetual when the particular product is part of a portfolio and a portfolio service fee is payable by the client, in this situation the commission is rebated to the client.

I may also participate in company profits as a shareholder in Pyne Gould Corporation Limited, being the ultimate parent company of Perpetual Portfolio Management Limited.

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Fees

Depending on the services provided Pinnacle Wealth Management Limited may be remunerated as follows:

Item	Fee charged to the client	Payable from Perpetual to Pinnacle Wealth Management Limited for adviser services
Initial consultation	First consultation is not charged.	Not applicable
Advice fee	Generally, the only charge for advice is the plan fee and portfolio services fees; however, in circumstances where there is a high degree of work involved and the client agrees to the fee before it is charged, Perpetual may charge a fee.	60%
Time in attendance fee	For advice only consultation, a time in attendance fee of up to \$250 per hour may be charged. This rate may be varied depending on the complexity of the work undertaken and must be previously agreed with the client prior to being charged.	40%
Plan fee	Ranges from \$500 to \$1,000 depending on the complexity of the work undertaken.	80%
Portfolio service fee or management fee	The portfolio service fee is a percentage charge on the market value of the assets within a portfolio or in the case of a management fee, within the Perpetual Portfolio Superannuation Fund (PPSF). The percentage varies between 0.4% and 2.00% based on the market value of the assets and the service provided and will be disclosed in the plan or written recommendation that I make.	For portfolios: 45% (after any referral fees have been deducted) For PPSF: 50% (after administration, trustee and any referral fees have been deducted)

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Other interests and relationships

I am employed by Pinnacle Wealth Management Limited. Pinnacle Wealth Management Limited has an agreement with Perpetual Portfolio Management Limited, allowing it to provide the advice-based services offered by Perpetual.

Pinnacle Wealth Management Limited

I am a director and shareholder of Pinnacle Wealth Management Limited. As such I may also receive Part of any of its profits that are distributed, some of which are directly or indirectly related to my sales of investment products.

I also take drawings from the business when required, and receive a salary (which is based on the net profit each year in accordance with the tax attribution rules) at the end of the year.

Spouse

My spouse also has an interest in Pinnacle Wealth Management Limited as a shareholder.

As a result, my spouse may receive Part of any of its profits that are distributed, some of which are directly or indirectly related to my sales of investment products.

Other

I am able to place business with any financial organisation at the discretion of Perpetual however I am only able to promote the products of the financial organisations listed on the Perpetual approved investment list, see the 'Products' section for more information.

My contractual relationship with Perpetual Portfolio Management does not require me to place an agreed percentage of the business I generate with any supplier or financial organisation. However portfolios have limits on the proportion of non-Perpetual asset holdings permitted and the fees differ based on this as well as investment size, the specific portfolio, and the level of administration and management required.

Perpetual is also a related party to the following product providers; Perpetual Asset Management, Perpetual Trust, van Eyk Research and Torchlight Investment Group, all of which have products listed on the Perpetual approved investment list.

Other than those disclosed above, neither I nor any associated person of me has or will or may have any interest or relationship that a reasonable person would find reasonably likely to influence me in giving investment advice.

Areas of Advice

I can provide advice on all aspects of personal financial management, retirement planning, investment advice, estate and tax planning:

Cash/Debt Management

Budgeting, debt reduction or restructuring, establishing sufficient cash reserves and investing accordingly.

Estate Planning

Use of trusts and other appropriate structures in consultation with other professional advisers as appropriate.

Retirement Planning

Determining retirement needs, assessing current provisions and providing any solutions for gaps including advice on KiwiSaver and superannuation schemes.

Tax Planning

General advice in respect to tax effective investments taking into account the client investing entities and applicable tax rates.

Investment Advice

Considering risk profile, investment timeframes and cashflow needs, recommending appropriate solutions on that basis.

I only give advice in the particular subject areas set out above.

Products

The products that I generally provide advice on are: cash management funds, secured debentures, term deposits, group investment funds, unit trusts, KiwiSaver funds, PIE funds, superannuation schemes, direct equities and bonds.

I am only able to promote products that are on the Perpetual approved investment list, this is an important aspect to ensure that due consideration and monitoring is given to all investments recommended to clients. This list is governed by the Perpetual investment committee.

Investment Broker Disclosure Statement

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Pinnacle Wealth Management Limited

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Money Handling Procedures

I only accept cheques, which must be crossed "Not Transferable" and made payable to Investment Custodial Services Limited or the product provider. I do not accept cash.

I send all customer cheques direct to Aegis (Investment Custodial Services Limited) or the product provider. The cheques are then banked directly into the bank account of the provider awaiting the acceptance of your application, then applied in accordance with your investment instructions.

Money and investment property I receive for securities is not held on trust by me. I am not allowed to use your funds to benefit myself or any other person in any way.

The receipt of funds by Pinnacle Wealth Management Limited is not audited, however PricewaterhouseCoopers audit the receipt, holding and disbursement of the funds received by Aegis.

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- a principal officer of a body corporate, if a body corporate committed an offence under the Securities Markets Act 1988, or the Securities Act 1978, or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961); or
- adjudged bankrupt; or
- prohibited by an Act or by a court from taking part in the management of a company or business; or
- the subject of an adverse finding by a court in any proceeding that has been taken against me in my capacity as an investment adviser, or in relation to Pinnacle Wealth Management Limited, taken against Pinnacle Wealth Management Limited or any of its principal officers, in its, his or her professional capacity; or
- expelled from, or prohibited from being a member of a professional body.