

DISCLOSURE STATEMENT



Name: Kenneth David Swain

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 and my employer, Swain Financial Services Limited (from hereon in referred to as SFS). It provides details about:

- the services we can provide;
- how we operate our business;
- my qualifications as an investment adviser;
- 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 1 April 2009

Adviser details:

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Employer: Swain Financial Services Limited –
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Contact details

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HOW WE OPERATE

When we give advice, we follow the internationally recognised six-step process:

- 1 Establishing the client-adviser relationship and scope of service.
- 2 Gathering client data and determining the clients goals and expectations.
- 3 Analysing and evaluating the clients financial position, cash and debt management, personal and business insurance, retirement planning, 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.

Not all clients require the full range of advice that can be provided and the services we provide will depend on the client needs. If a client wishes to obtain limited advice or product implementation in any respect, I will provide it, however it will be documented that the advice or transaction was limited in nature. Any recommendations will be clear and concise, with enough detail for you to make an informed decision about whether to act upon it.

EXPERIENCE

I first joined the Insurance Industry in 1967 and have held many roles both in sales and management since that time.

I have been acknowledged with many Industry awards for both personal sales achievements and business performance and excellence. I formed Swain Financial Services in 1979.

I am a past National President of the Life Underwriters Association (now IFA) and The AXA agents Society. I am now the Executive Chairman of the SwainWoodham Group

I am a member of the Professional Advisers Association and am bound by the ethics, practise and disciplinary standards contained in the Institute's Code of Ethics and Professional Conduct, Practice Standards and supporting by-laws.

SWAIN FINANCIAL SERVICES LIMITED (SFS)

My employer SFS is a New Zealand Company and has been operating as an Insurance and Investment adviser company since 1979. SFS has offices in Invercargill and Queenstown.

QUALIFICATIONS

I am an Accredited Advisor For Select Wealth Management.

As the Executive Chairman of SwainWoodham Group I do not directly advise clients on specific investments or financial plans, all advice given is of a general nature. All client recommendations are made by one of our qualified advisors.

As my employer SFS is a company it does not obtain qualifications.

PROFESSIONAL BODIES

I am a member of the Institute of Professional Advisers Association (PAA)and, as a condition of my membership, I adhere to the PAA Code of Ethics and IFA Practice Standards in all facets of my practice.

PROFESSIONAL INDEMNITY INSURANCE

In compliance with the Professional Advisers Association's Code of Ethics, I have liability insurance which includes the following covers:

- Professional Indemnity;
- Public Liability; and
- Internet Liability.

The minimum level of cover is in compliance with the Membership Bylaws of the PAA.

This insurance applies when I 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.

The underwriter is Lumley General Insurance (NZ) Limited.

As with all insurances, these covers have limitations and are subject to certain exclusions, terms and conditions.

DISPUTE RESOLUTION

In the first instance you can direct any complaints to the product supplier company involved, as each of them has an internal complaints handling process.

Alternatively, you can contact

The National Office
Advisors Association (PAA)
PO Box 38-105
Wellington

Should a complaint be lodged with the PAA, then it will be recorded and referred to a Complaints Committee which will review the matter and determine the appropriate resolution, which may include referring the matter to the Disciplinary Committee. Full details of the complaints process can be obtained directly from the PAA www.paa.co.nz

DISCLOSURE OF CERTAIN CRIMINAL CONVICTIONS

During the previous 5 years neither I nor any principal officer of SFS have been:

- (a) convicted of an offence under the Securities Markets Act 1988, the Securities Act 1978 or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961);
- (b) a principal officer of a body corporate that committed an offence referred to in para (a), when the body corporate committed the offence;
- (c) prohibited by an Act or by a court from taking part in any proceeding that has been taken against me in my professional capacity;
- (d) prohibited by an Act or by a court from taking part in the management of a company or business;
- (e) the subject of an adverse finding by a court in any proceeding that has been taken against me in my professional capacity;
- (f) expelled from, or prohibited from being a member of, a professional body.

In addition, during the previous 5 years, my employer SFS has not been placed in statutory management or receivership.

FEES

SFS may charge planning and/or establishment fees. These one-off fees will be based either on the nature and complexity of the work involved or on an hourly rate; or a combination of these.

OTHER INTERESTS AND RELATIONSHIPS

My employer SFS maintains contractual relationships (agency agreements) with the following organisations which I am able to place business with:

- AMP
- AXA
- Sovereign
- ING
- Fidelity Life
- Asteron
- Tower Life and Health
- AIG
- New Zealand Permanent Trustees Ltd
- Sovereign Superannuation Trustees Limited
- Sentinel
- Mortgage Holding Trust company
- Southern Cross
- Cigna

SFS contractual relationships with these financial institutions do not require the placement of an agreed percentage of business. Further, SFS does not have any agreements that require placement of any particular level of business with any supplier or financial organisation.

REMUNERATION

I receive remuneration in the form of Salary and Dividends from the SwainWoodham Group. , SWG, will or may receive fees or commissions in connection with the giving of investment advice to you and on any transaction resulting from such investment advice. These will vary depending on the products and the providers that you choose. At the time of presenting you with advice on any specific investments, SWG, on request, will provide you with a further disclosure statement detailing the relevant fees and commissions in relation to those specific investments. For the purposes of this general disclosure statement, the possible fees and commissions that my employer, SWG , will or may receive may range as follows:

Product type	Commission or fee type	Band of commissions as a % or fee as a %
KiwiSaver	Trail commission	No entry charge Up to 0.25% trail comm.
Superannuation	Trail commission	0-5% entry fee 0-1% trail commission
Conventional insurances	Up front commission and trail	2.5% premium x 10 to maximum age of 65
Managed funds	Trail commission	0-5% entry fee 0-1% trail commission

As a result of the investment advice that I give to you, or any transaction that results from that advice, I may or will also receive the following:

- training
- conferences (possibly including offshore events)
- sales promotions – eg vouchers, bottles of wine, travel, invitations to events
- business development allowances
- bonuses upon reaching specific targets

5 Investment custody, administration and management

SFS and I have no other financial or other relationship with any other person or entity that would be reasonably likely to influence me in giving advice, except as described above.

SECURITIES ABOUT WHICH ADVICE IS GIVEN

Subject Areas

I provide advice in the following subject areas:

Cash/Debt Management

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

Risk Management

Identifying and quantifying personal financial risks, considering solutions and ensuring sufficient cash or income is available in the event of death, disability or illness.

Retirement Planning

Determining retirement needs, assessing current provisions and providing solutions for any gaps.

Investment Advice

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

Products - Insurance

The products I would generally use (but are not limited to) are:

- life cover
- accidental death cover
- disability income protection
- trauma cover
- total and permanent disablement cover
- business overheads and locum cover
- business debt protection
- mortgage protection insurance
- key person protection insurance
- medical insurance
- endowment
- whole of life
- shareholder protection
- locum cover
- total and permanent disability cover
- group insurances – life, disability, trauma, income protection, health

Products – Securities

- managed funds
- superannuation
- KiwiSaver
- Reverse mortgages
- Cash management funds

Investment Broker disclosure procedures for dealing with investment money or investment property

My employer, SFS, and I are investment brokers and operate using the following procedures:

- for cash payments, a receipt is issued in triplicate – 1 is given to client, 1 filed in client file and 1 in SFS receipt book;
- all client money received and handled by us is deposited in a Trust Account;
- these funds are held on trust for the investor and is so held until it is disbursed in accordance with the client's instructions; at no time does SFS utilise these funds for their own purposes;
- we maintain records of all transactions in our trust account and these records are reconciled on a monthly basis;
- operation of our trust account is audited by McIntyre Dick & Partners in compliance within the Institute of Financial Advisers guidelines.

CLIENT ACKNOWLEDGEMENT

I/We _____

Acknowledge receipt of the Disclosure Statement dated: 1 April 2009

Signed: _____ Date _____

Signed: _____ Date _____

Please return to SFS for client file