

Shaw and Partners Terms of Engagement

TERMS OF ENGAGEMENT – RETAIL CLIENT

By signing your Investment Proposal with Shaw and Partners, formerly JMI Wealth, you confirmed that you received, read, understood and agreed with those terms of engagement and accepted the information provided to you in the Investment Proposal. The latest Terms of Engagement are as follows:

1. Investment Principles

Shaw and Partners is committed to providing you with quality financial advice. Below we outline the key principles upon which Shaw and Partners will provide its services:

- 1.1 Your portfolio will be invested in a manner that is consistent with the objectives you have disclosed.
- 1.2 Shaw and Partners has discussed your tolerance to risk and matched this to the nature of your portfolio of investments. You acknowledge that there are risks associated with investing in financial products. You understand that there can be no guarantee of performance or investment returns and while reasonable endeavours are made by Shaw and Partners as advisers to minimise volatility, movements in the value of markets and specific investments can occur for reasons beyond anyone's control. These movements in value can sometimes be beyond those reasonably expected by either the client or the adviser. Shaw and Partners will use reasonable care and skill to ensure its investment advice is in line with your investment risk tolerance and investment objectives.
- 1.3 Any investments, including those in Clarity or Devon Funds, are recommended to you and are approved by you before being implemented.
- 1.4 Before acting on any advice or recommendations you should always consider the appropriateness of this in relation to your specific circumstances. You should advise us of any change to your personal circumstances that may impact the advice given to you.

2. Financial Advice

From 15 March 2021, governance of financial advice moved under the Financial Markets Conduct Act 2013 (the Act). Under the new regime everyone who provides financial advice to a retail customer must be licenced as a Financial Advice Provider (FAP) or operate under another's FAP licence. New conduct duties must be complied with, including those relating to client interests, competency and disclosure. Shaw and Partners will continue to provide a high level of service whilst ensuring full compliance with the Act.

Here is a link to Shaw and Partners, [Financial Advice Disclosure Statement](#), where the specific duties owed to you are detailed, and the [Code of Professional Conduct for Financial Advice Services](#), which applies to all Financial Advisers in New Zealand.

3. Fees and Charges

3.1 Fees

The fees you will pay for advice are detailed in section **1.9 Cost & Fees** of your Investment Proposal.

These will be discussed with you at the time. Depending on the type of investment selected and your status as an investor, fees can be tax deductible. Individual circumstances may vary so you should seek independent advice from a tax adviser. Any other fees or remuneration Shaw and Partners may receive are detailed on the website www.shawandpartners.co.nz

The fees we set for our services may change from time to time. If the fees you pay for advice should ever change Shaw and Partners will provide you with 60 days' notice of these changes.

3.2 Charges

In the normal course of transacting on your portfolio there will be a number of charges. These include:

- (a) Other fees, charges, duties costs and taxes at the rate or rates notified by us to you from time to time either generally or in respect of particular transactions, including interest on late payments.
- (b) Agency fees and other charges incurred in effecting overseas transactions.
- (c) Charges or penalties imposed by another broker or by a stock exchange, including, without limitation, charges or penalties imposed as a result of late or non-delivery of scrip, holder identification particulars or any other information or requirements.
- (d) Brokerage fees – these are paid to a sharebroker on sale and purchase transactions required to implement or change a portfolio. Please refer to the below table for brokerage details as at the time of this advice.

Markets	Brokers and Brokerage fees					
	ASB Securities	Jarden	JBWere	Nabtrade	Craigs	BTIC
New Zealand Equities	0.20% A minimum of \$24.99 plus trading fee	0.45% A minimum of \$50 in the currency of the order	N/A	N/A	0.25%	N/A
Australian Equities	0.20% A minimum of A\$39.95		N/A	0.0909% A minimum of A\$13.59	0.25%	0.10% A minimum of A\$50.00
International Equities	0.60% A minimum of US\$50.00 or GBP£25.00		0.30% A minimum of US\$45.00 or GBP£25.00	N/A	0.40% UK shares 0.50% stamp duty US shares 0.278bp SEC fee on sells HG shares 0.11% stamp duty CHF shares 0.30% stamp duty SGD shares 0.04% stamp duty	0.10% A minimum of 50.00 in native ccy UK shares 0.50% stamp duty on buys US shares 0.278bp SEC fee on sells HK shares 0.10% stamp duty
New Zealand Fixed interest	0.25% A minimum of \$25		N/A	N/A	0.25%	

3.3 Transaction Settlement

If your portfolio is held by a custodian, all charges will be deducted from your custodial account otherwise payment should be made using the terms and conditions set out on your contract note. Contract note settlement terms and conditions have a very tight timetable, usually payment within 2 – 3 days depending on the currency and broker. For significant transactions, Shaw and Partners may request that you lodge funds into the broker account before the order is placed.

Any other potential charges will be discussed with you at the time. Shaw and Partners does not receive a share of these extraordinary charges.

4. Provision and Disclosure of Information

4.1 You agree to provide us, as soon as practicable, with any information we request from you;

- (a) That is required by us to set up, administer and operate your investment facility; or
- (b) Comply with our obligations under applicable laws in New Zealand and overseas including without limitation such as those relating to Anti-Money Laundering and Countering Financing of Terrorism, Foreign Account Tax Compliance or Common Reporting Standards; or
- (c) Any other New Zealand or overseas law that requires the verification and/or identification of a client's identity.

During your relationship with us, we may from time to time, ask for and collect further information about you and your dealings with us.

4.2 You commit that all the information provided to Shaw and Partners on the client information form and other information is correct, complete, true and not misleading. You have full power, capacity and the authority to enter into these terms.

4.3 Where you are acting in the capacity of trustee, director or executor, or other office of the entity you confirm that the requirements of the trust deed (or another equivalent document) have been adhered to. Where providing information on behalf of other account holders, then you commit that they have provided their consent and duly authorised you to provide this on their behalf.

5. Receiving Instructions

5.1 We will accept 'Proper Instruction' from you, defined as you or a person authorised by you, either in writing, by telephone, by email, by personal attendance at our offices or in such other manner as we may previously have agreed with you. Shaw and Partners is entitled to treat these instructions as genuine if they appear reasonable and come from any person authorised to act on your behalf.

5.2 We are under no obligation to verify the authenticity of any instruction or purported instruction and may act on any instruction without further enquiry or delay, from any person that we reasonably believe to be a person authorised by you to give the instruction. Where you comprise more than one person, we are entitled to rely on, and treat as authorised, an instruction received from any one of those persons.

5.3 We reserve the right not to act on a particular instruction given by you or any person authorised in the matter, for any reason whatsoever, and may defer action or seek further information as we see fit. In any such event, we will notify you and will not be liable for any price movements or fluctuations or any other loss, cost or expense suffered or incurred by you or any other person as a result of us not acting on that instruction or otherwise arising in connection therewith.

- 5.4** If you are not in a custodial service following completion of an instruction, the relevant broker will issue you a contract note relating to the investment bought or sold in your name. You may elect to receive contract notes by email or hard copy. We will also receive a copy of the contract note. You must notify us of any errors or omissions on the contract note within 48 hours of receipt and we will notify the broker of the error. You will be deemed to have accepted the terms of the contract note should you fail to notify us of any errors or omissions within 48 hours of receipt. Where the broker reissues a contract note in order to correct any errors or omissions, these Terms of Engagement will apply with respect to the reissued contract note.
- 5.5** If you have elected to have a custodial service, you will not receive contract notes. Also, we may from time to time make a decision on your behalf. This may include matters such as participation in Dividend Reinvestment Plans.

6. Our Liability and Related Matters

- 6.1** Shaw and Partners will act in good faith when performing its obligations under this agreement.
- 6.2** You acknowledge that investment markets are volatile and are subject to unforeseen fluctuations, and that, as a consequence, no particular results can be guaranteed, and that Investments made under this agreement may result in a loss. Subject to clause 6.3 and compliance with our obligations under applicable law, we will not be liable for any loss as a result of investment performance.
- 6.3** In the performance of our obligations under this Terms of Engagement Shaw and Partners will accept responsibility for and be liable to you for any direct loss, damage costs or expense that arises due to:
- (a) negligence or wilful default on our part or any of our employees, or
 - (b) dishonesty on the part of our employees.

To the extent permitted by law, this does not extend to responsibility or liability for consequential or indirect loss you may incur.

- 6.4** Besides our liability under applicable law, any liability we may have to you, will be limited to the direct losses suffered or incurred by you, excluding any consequential loss and any loss of income, business, profit or saving as a result of your, or any other person's inability to complete another transaction or honour another obligation.
- 6.5** Shaw and Partners rely on the accuracy of the information you or your authorised person provide to us. In the unlikely event that we suffer a loss as a result of relying on that information, you agree to compensate us.

7. Events Beyond our Control

Shaw and Partners will not be liable for any delay or failure to perform its obligations under these Terms of Engagement if such delay or failure is caused by any event or circumstance beyond its reasonable control or the reasonable control of its employees. For the avoidance of doubt, Shaw and Partners will not be responsible for the acts or omission of any broker, issuer, fund manager, or other third party involved in any transaction effected on an investment direction received from you or an authorised person.

8. Advice Disclaimer

- 8.1** In performing its duties under these Terms of Engagement Shaw and Partners will exercise reasonable care, skill and diligence. A full list of the duties that Shaw and Partners owe you

is listed in the Shaw and Partners Financial Advice Disclosure Statement in Appendix Three. The Disclosure Statement is also available online at www.shawandpartners.co.nz

- 8.2** Shaw and Partners do not guarantee the repayment of capital or the performance of any particular investment or your investment portfolio generally and Shaw and Partners do not make any representation concerning the performance of your investments.
- 8.3** When giving advice Shaw and Partners are only able to act on the information provided by you in determining whether such advice is appropriate to your particular investment needs and financial circumstances. Shaw and Partners accept no responsibility for any errors or omissions that occur as a result of relying on any information provided by you.
- 8.4** Our advice is also based on information provided to us by third parties (such as fund managers). Shaw and Partners accept no responsibility for relying on such information from third parties.
- 8.5** Shaw and Partners do not provide accounting, tax advisory, household budgeting, estate planning or legal services.

9. Custodial Services Terms of Engagement

- 9.1** If you choose to use a custodian to hold your assets on your behalf, you appoint Shaw and Partners to act on your behalf in its use of the custodial service. Shaw and Partners agrees to undertake those responsibilities set out in this agreement or otherwise agreed to in writing with you.

9.2 Custodial Services

- 9.2.1** You authorise Shaw and Partners to appoint a custodian, on terms and conditions agreed to by Shaw and Partners and the custodian.
- 9.2.2** You acknowledge and accept that the custodian is not making any offer of the securities to be issued or purchased, nor is it acting as the agent or partner of an Issuer in offering them, and neither is it acting as a promoter of the offer made by the Issuer.
- 9.2.3** You agree that the custodian shall not be liable to any extent for the provision of Shaw and Partners services including, but not limited to, any loss that you suffer as a result of a breach by Shaw and Partners of its obligations under this agreement.
- 9.2.4** You acknowledge and accept that neither the custodian, the Issuer nor, where applicable, any trustee or supervisor, as relevant, of the underlying securities, has caused the issue of, endorses, or is responsible for, any information provided to you by Shaw and Partners (other than the Issuer and /or trustees or supervisor (as applicable) in relation to the applicable Investment Disclosure Materials) relevant to the securities, and we further acknowledge and accept that neither the Issuer nor, where applicable, any trustee or supervisor of the underlying securities, endorses, recommends or is responsible for Shaw and Partners services; and
- 9.2.5** You acknowledge and accept that an investment in the securities does not represent either a deposit with, or a liability of, either the custodian or any trustee or supervisor of the securities, and neither the custodian, nor any trustee or supervisor of the securities, nor their respective subsidiaries or related companies, guarantees the repayment of capital, payment of income or the performance of the securities, except as set out in the relevant Investment Disclosure Materials.
- 9.2.6** Where you are party to an existing custodian appointment deed (or similar arrangement) directly with the custodian, or through another adviser, you appoint Shaw and Partners as your agent with full power and authority to terminate that deed or arrangement, and you

acknowledge and agree that the custodial services referred to in this agreement will apply from the date of this agreement.

9.3. Instructions to the Custodian

9.3.1 All functions and services of Shaw and Partners in connection with the custodial service will be conducted under the normal established practice of the custodial service, including any current practice manuals and procedures for users as notified and made available by the custodian from time to time.

9.3.2 Shaw and Partners will process Proper Instructions ¹through the custodian for action, but is only responsible for losses, expenses or other consequences of delay in implementation caused by Shaw and Partners, after acknowledgement of receipt of the Proper Instructions. Instructions provided to Custodian will take effect and be processed in accordance with the Custodian's timeframe and procedures as per 9.3.1.

9.3.3 Notwithstanding this clause, Shaw and Partners has no obligation to act on Client Instructions if:

- (a) Shaw and Partners believes on reasonable grounds that it cannot comply with the instruction, (for example, if the instruction is unclear or if it is likely that the Issuer will not accept the instruction).
- (b) Shaw and Partners believes on reasonable grounds that to carry out the instruction may be illegal.
- (c) Shaw and Partners has reasonable doubt as to the validity of the instruction; or
- (d) the instruction relates to a custodial asset that the custodian determines, at its absolute discretion, shall not be transacted in or through the custodial service.

9.4. Client Account and Funding

9.4.1 You will maintain a Client Account through the custodian for the purposes of investment through the custodial service.

9.4.2 You must maintain the Client Account in credit with sufficient cleared funds to enable Shaw and Partners to comply with Client Instructions as they arise, to maintain Minimum Credit, to satisfy Shaw and Partners Adviser Fees and to meet other payments authorised by you from time to time.

9.4.3 All payments to the Client Account shall be made payable or otherwise credited to the custodian and shall be credited to an External Trust Account.

9.4.4 If the funds available in the Client Account are not enough to pay any amount which must be paid out to satisfy Client Instructions, Shaw and Partners may refuse to initiate or carry out correlating Proper Instructions or may cancel any authority to the custodian.

9.5. Financial Markets Conduct Act 2014

9.5.1 Under the Financial Markets Conduct Act 2014 ('the Act'), a custodian is required to ensure your money is held separate from its own money. However, per schedule 21C section 5.1 (a) of the Act, we are required to disclose to you that the account in which your money is, or will be held, also contains some of the custodian's money. This is because the custodian periodically transfers money to this account to reduce the risk of a shortfall arising in the

¹ Refer to 5.1, 5.2 and 5.3 of the Terms of Engagement

client money held for a particular client in that account. This limited amount of money is referred to as a buffer.

- 9.5.2** Under the Act the custodian is required to notify you of a number of matters relevant to the account in which your money is, or will be, held.
- 9.5.3** Summary of the terms of trust on which your money is held. Your money, as well as all other money received by the custodian from other investors using the custodial service, is, or will be, held on trust by the custodian in a pooled client money trust account. This trust account is a basic bare trust arrangement in which you have the absolute right to the capital and income of your investments. The custodian has no control over your investments and can only act upon proper instructions given by you and/or your adviser.
- 9.5.4** The impacts of the custodian operating a limited buffer. The custodian transfers the buffer to the bare trust account to reduce the risk of a temporary shortfall that may result in one client's money being used to settle a transaction for another client. This means that the custodian's clients can have greater confidence that their money is not at risk and is available to them at all times.
- 9.5.5** Under the Act, the custodian must provide you with certain information including a description of any risks they are aware of that are likely to arise as a result of client money not being held separate from the custodian's money. While the custodian believes that its use of the buffer is beneficial, there is a risk that its existence could create complexity and delay in the return of your money if the custodian was to go into receivership or liquidation.

10. Privacy Act

Shaw and Partners is bound by and adheres to the New Zealand Privacy Act 2020 for personal information, including the Privacy Principles. These Principles govern how we collect, use, hold and disclose your personal information. You can access Shaw and Partners [Privacy Statement](#) using this link or online at www.shawandpartners.co.nz

A summary of Shaw and Partners Privacy Statement is below:

- 10.1** Shaw and Partners collect and hold personal information about you and any authorised person that is provided to us for the purpose of performing the services you have agreed to.
- 10.2** The personal information we hold about you will be stored securely using a range of measures to protect the information.
- 10.3** If there has been a breach of your personal information we will act immediately to contain and notify you of the breach.
- 10.4** Shaw and Partners may share your personal information with related parties, third parties such as brokers, custodians, and others as required to enable us to perform the services to you and, where required by law, to any government agency or court to the extent to which disclosure is required to be made by the applicable law or court order.
- 10.5** Shaw and Partners may use your personal information for marketing purposes or to collect information about you from publicly available sources.
- 10.6** You and any authorised person have access to, and may make corrections to, any personal information supplied to and held by us.

11. Dispute Resolution Process

Please refer to our website www.shawandpartners.co.nz for details on our internal complaints and external, independent, disputes resolution process.

12. Changes to these Terms of Engagement

Shaw and Partners may change these Terms of Engagement at any time in order to comply with legislative requirements. Shaw and Partners will notify you, in writing, of these changes. Any other changes to these Terms of Engagement Shaw and Partners will provide you with 60 days' notice of these changes.

13. Termination

You may terminate our services at any time on providing us with written notice and on payment of any outstanding fees or charges. Shaw and Partners reserves the right to terminate our services to you in the event that you default on any payment due and only after having taken reasonable steps, as determined by Shaw and Partners, to recover the outstanding amounts from you. This agreement will remain in place until we receive written notification from you, subject to completion of any outstanding obligation.

On termination of the investment facility, we will take steps, as soon as practicable, to:

- (a) implement your instructions for the transfer of securities and monies to another facility, if applicable, and;
- (b) arrange for settlement of any monies owed to you by us or any of our agents.

Please advise us should your circumstances or investment requirements change relevant to the services and/or advice we provide to you.