

INVESTING MADE EASY





WHAT IS AEGIS?

Commonly referred to as a custodial wrap account or investment platform, the Aegis service is an electronic investment administration service that is available through selected investment professionals.

It comprises two companies; Aegis Limited (Aegis) is the investment administration service, and Investment Custodial Services Limited (ICSL) is the custodian, which acts as a bare trustee taking care of your investments.

Designed and operated specifically for the New Zealand market, the Aegis service holds, administers and reports on a wide range of local and offshore investments. This enables investment professionals to manage investment portfolios more effectively for you.

In short, the Aegis service provides you with a consolidated view of your investments and the convenience of having investments administered in one place. By having your investments managed via the Aegis service, you don't have to worry about the significant ongoing paperwork and administration that is associated with investing.

In total, Aegis administers over \$6b across more than 20,000 investor portfolios. Aegis is the investment administration service of choice for more than 70 groups of investment professionals throughout New Zealand.

USING AEGIS VS INVESTING DIRECTLY – WHAT ARE THE BENEFITS?

Compared to investing directly, there are a number of key benefits to using Aegis – all designed to save you time and money.

| INVESTING VIA AEGIS | INVESTING DIRECTLY |
|---|--|
| Access to investments | |
| Access a wide range of local and offshore listed investments and managed funds, some of which are only available through an investment platform. | Generally, no access to wholesale managed funds. |
| Usually no minimum investment amount required for managed funds. | Often, a minimum investment amount is required, which can be significant for some funds. |
| Pricing | |
| Fees for managed funds generally at wholesale prices. | Retail pricing applies, which can be considerably more expensive than wholesale pricing. |
| Minimum brokerage for listed investments may be overcome through aggregation with a number of investors buying or selling the same listed assets. | Subject to minimum brokerage for small purchases or sales. |
| Brokerage generally at lower rates. | Higher brokerage rates usually apply. |
| Administration | |
| No investment application forms. | Applications required for each managed fund investment. |
| Purchases and sales arranged by Aegis, on electronic instruction from your investment professional. | Arrange for purchases and sales yourself with each fund manager or via a broker for listed investments. |
| Administration paperwork received and handled by Aegis. | Investment paperwork handled by you. |
| Aegis reconciles your investments for you. | You keep track of the investments you own. |
| Cash distributions are applied to your Aegis Cash Account and available immediately for reinvestment. | Cash distributions paid to your nominated bank account - you will need to arrange the reinvestment of these distributions. |
| You only need to advise Aegis of changes to portfolio details such as tax rates, postal addresses and bank accounts. | You need to advise all fund managers, brokers and registries individually of changes in your portfolio details. |
| Reporting | |
| Daily investment updates on current prices. | Update the value of your investments yourself. |
| Portfolio valuation and performance reporting for any investment period. | Calculate your own portfolio valuation and performance. |
| Complete cash and asset transactions history. | Maintain your own record of portfolio activity. |
| Progress reports on investment activity. | Monitor your own investment activity. |
| Comprehensive tax reporting for your portfolio including details of gross taxable income, tax deducted, deductible expenses, Portfolio Investment Entity (PIE) tax and foreign investment tax calculations. | Maintain your own records for preparing your tax return or have your accountant do this for you. |

HOW DO I ACCESS THE AEGIS SERVICE?

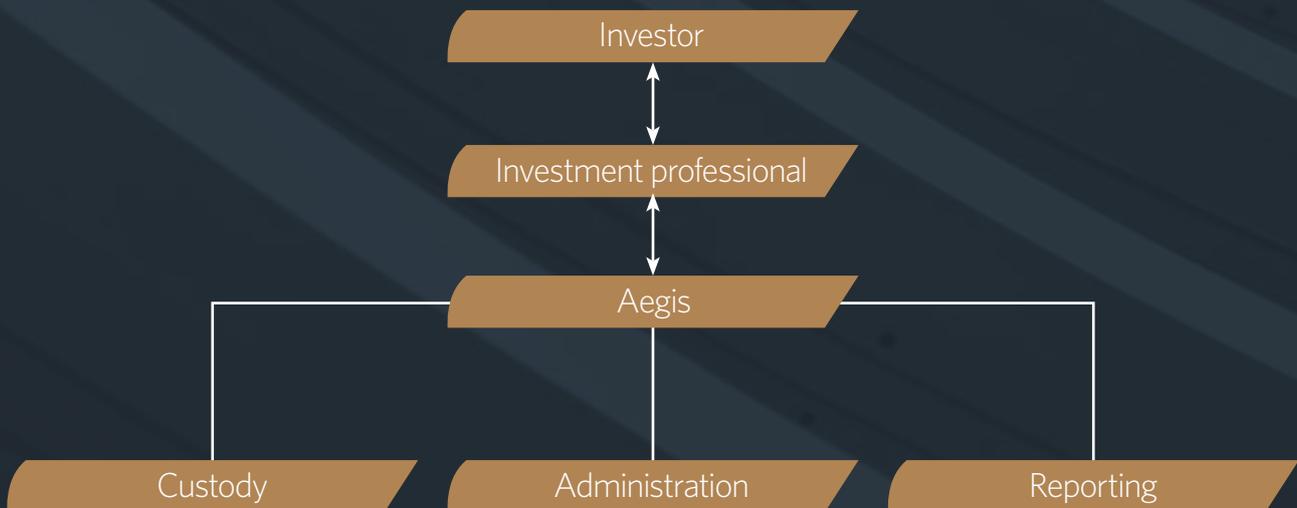
Aegis is only available through selected investment professionals. The first step is for you to enter into an agreement for services with an investment professional using the Aegis service. Depending on the arrangement between the investment professional and Aegis, you may then be required to enter into a separate agreement with Aegis' custodian, ICSL.

Your chosen investment professional can then provide you with access to a selection of online portfolio reports around the clock. Reports are also available online to persons nominated by you such as professional trustees, accountants and solicitors.

HOW DOES AEGIS WORK?

Investment professionals access the Aegis service through a secure site called AegisNet. This website enables them to electronically create and manage portfolio records, initiate investment transactions and generate portfolio reports.

YOUR INVESTMENT PROFESSIONAL USES AEGIS TO MANAGE YOUR INVESTMENTS



SETTING UP YOUR PORTFOLIO ON THE AEGIS SERVICE

1. REGISTRATION

The investment professional enters key portfolio information into AegisNet such as portfolio name and ownership, address details, bank account and tax rates. Aegis validates this information (if required) and the portfolio is ready to accept cash and assets.

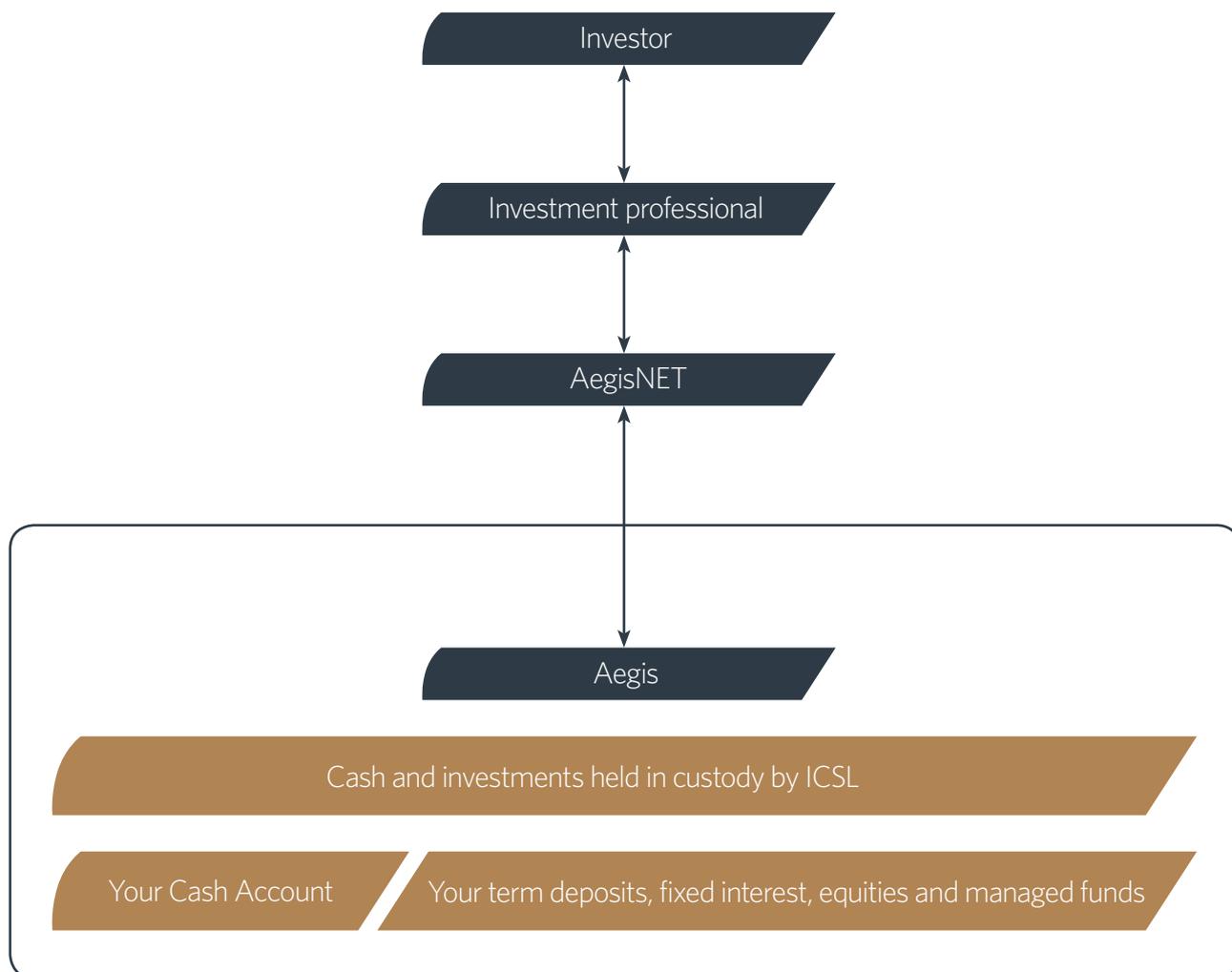
2. DEPOSIT

You deposit cash into ICSL's trust account and Aegis matches your deposit with details provided by the investment professional through AegisNet. Aegis can also cater for regular deposits to your portfolio.

3. ALLOCATION

Your cash is allocated to your portfolio and is then available for investing.

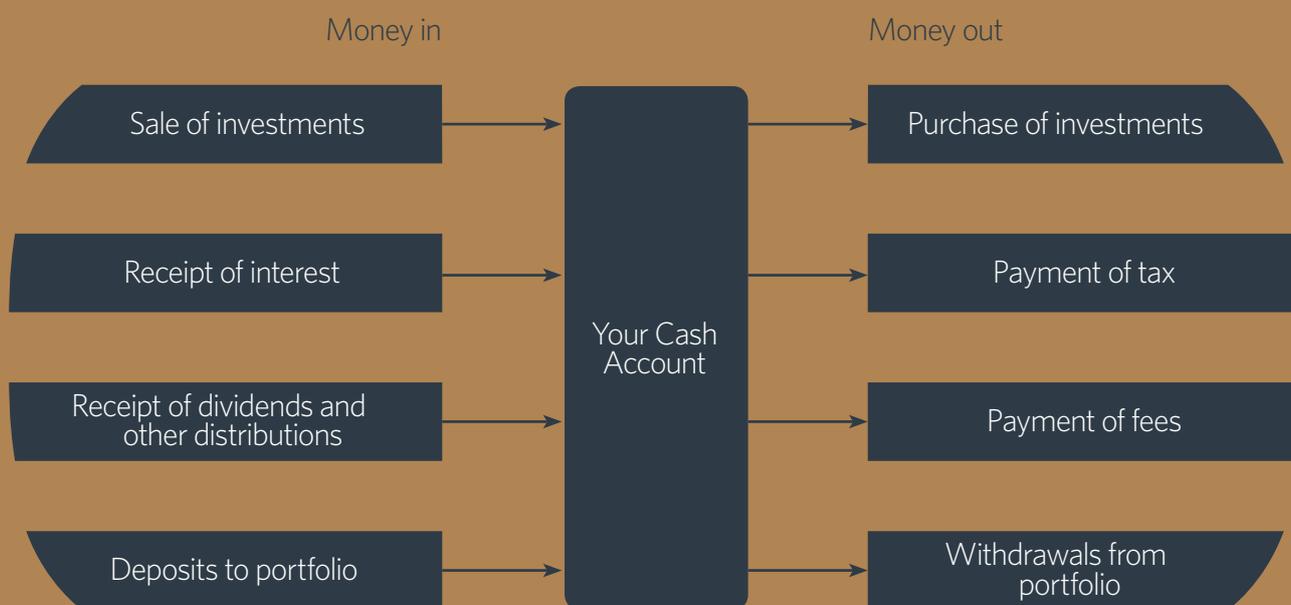
INVESTMENTS HELD BY ICSL ON YOUR BEHALF



Alternatively, you can transfer existing investments held in your own name (or held on your behalf by another custodian) into your Aegis portfolio without needing to cash them up. There are some investments that Aegis cannot administer and may require cashing up. Aegis organises the transfer of records with the appropriate registries on your behalf. Even though investments are in the name of ICSL, you remain the beneficial owner of the investments. For more information about ICSL, refer to "Who holds my investments?".



TRANSACTIONS FLOW THROUGH YOUR CASH ACCOUNT



Your Cash Account is at the heart of the Aegis service with all your investment cash transactions flowing through this account. Through AegisNet, investment professionals and their staff initiate transactions agreed with you, such as the addition or withdrawal of cash or the sale or purchase of investments within your portfolio. Depending on the authority given by you to your investment professional, these transactions may require written consent from you before Aegis can process them. Interest, dividends and other distributions from your investments are received and automatically allocated by Aegis to your Aegis Cash Account.

There are also three foreign currencies available to you through the Aegis service; Australian dollars, US dollars and British pounds. Aegis automatically creates a cash account in these currencies when you purchase assets or receive dividends in these currencies.

The New Zealand and foreign cash accounts pay interest at rates that vary according to the market rates at the time. Interest is allocated monthly to your portfolio's Cash Account.

The ongoing fees agreed between you and your investment professional are calculated and automatically deducted from your portfolio's cash account, usually on a monthly basis. Fees are generally tax deductible against taxable investment income. Aegis updates the value of your investments held through the Aegis service on a regular basis. For many investments, values are updated daily. This means you can access current values and performance for your investment portfolio.



WHAT CAN I INVEST IN?

The Aegis service holds, administers and reports on a wide range of investments, including cash, fixed interest, equities, managed funds, specialty assets and currencies.

Cash includes your portfolio Cash Account, which is held with ASB Bank Limited, and selected bank term deposits.

Fixed interest includes NZ Government and corporate bonds listed on the NZX, and unlisted domestic fixed interest securities.

Equities include listed domestic and international ordinary and preference shares, rights issues, options and notes and some unlisted domestic shares.

Listed investments are transacted through the NZX broker nominated by your investment professional.

Managed funds include unlisted New Zealand domiciled unit trusts - including Portfolio Investment Entity (PIE) funds, unlisted foreign domiciled managed funds such as Australian unit trusts and exchange traded funds. Investors in unlisted managed funds held via the Aegis service generally enjoy a substantial discount on fees to retail managed funds. Additionally, a number of managed funds available via Aegis are either not accessible direct to retail investors, or if they are they have substantial minimum investment requirements.

Speciality assets are predominantly managed funds or exchange traded funds specialising in a specific investment area.

Investments via the Aegis service are held in New Zealand dollars, Australian dollars, US dollars or British pounds.

HOW DO I MAKE CHANGES TO MY PORTFOLIO INVESTMENTS?

Your investment professional will discuss your investment requirements with you and may recommend changes from time to time. They will also instruct Aegis to buy and sell investments in your portfolio.

HOW DO I WITHDRAW MONEY FROM MY PORTFOLIO?

Your investment professional is able to instruct Aegis to withdraw funds from your portfolio, including regular withdrawals. Aegis will pay these to the nominated bank account loaded against your portfolio records. You can choose to have more than one nominated bank account for withdrawals. For security reasons, Aegis will not pay withdrawals to bank accounts that are not loaded against your portfolio.



WHO HOLDS MY INVESTMENTS?

The Aegis service uses a custodian, ICSL, to hold investments on your behalf. This is an efficient way of administering investments as it enables Aegis to aggregate (i.e. combine) the purchase or sale of an investment on behalf of a large number of investors and transact this in the market as a single instruction. It also enables Aegis to receive consolidated interest and dividend payments, which it then allocates to individual investors' portfolios.

In other words, aggregation enables Aegis to undertake less investment transactions with fund providers and brokers. This aggregation ability is one of the reasons why fees for managed funds purchased through Aegis are often cheaper than if purchased directly. Through aggregation, Aegis can often avoid investors being charged minimum brokerage fees for listed investments that might otherwise be charged for small transactions.

ICSL acts as a bare trustee and has no discretionary powers in relation to your investments, so it cannot undertake investment transactions without instructions from you or your authorised representatives. Although ICSL is the registered holder of investments, you retain the beneficial ownership of your investments.

WHO HANDLES MY MONEY?

To add cash into your portfolio, you simply deposit the amount directly into the trust account held by ICSL. Aegis then ensures the cash is added to your portfolio. Any cash withdrawals you require from your portfolio are paid directly into your nominated bank account.

You can transfer existing investments into your Aegis portfolio by transferring their ownership to ICSL. This enables Aegis to administer these investments for you, while you retain beneficial ownership of your investments.

Interest and dividend payments from your investments are automatically added to your Aegis Cash Account and retained in your portfolio. Purchases of investments and proceeds from your investment sales are deducted or added to your Aegis Cash Account.

By having your investments held via Aegis, you do not have to worry about the significant ongoing paperwork and administration that is associated with investing.

It is important to note that none of your investment professional, Aegis, or ICSL, guarantees the performance of the investments in your portfolio. Investments are subject to investment risk including loss of income and capital invested.

HOW IS TAX HANDLED?

For many investments, Aegis calculates and deducts tax on your behalf and pays this tax to the Inland Revenue, where required.

Resident Withholding Tax (RWT) will generally be deducted from gross interest income you earn for both New Zealand and offshore investments. Aegis may also be required to deduct RWT from dividends you receive from New Zealand and Australian shares. This will be dependent on the level of imputation credits recorded against the dividend. Aegis will generally deduct RWT at the rate recorded against your portfolio. If you are not a New Zealand tax resident, Aegis may need to deduct Non-Resident Withholding Tax (NRWT) from interest and dividends you receive from New Zealand investments.

If you invest in Portfolio Investment Entities (PIEs), Aegis will calculate and deduct the required PIE tax using the Prescribed Investor Rate (PIR), tax rate specific for PIE funds, recorded against your portfolio.

There are some investments such as overseas shares which are taxed under the foreign investment funds rules (generally this will be the fair dividend rate method) where Aegis is not required to deduct tax. For these investments, you will be required to include this income in an annual tax return and pay the appropriate tax directly to the Inland Revenue.

Aegis provides comprehensive tax reports to assist in the preparation of annual tax returns and financial statements for your portfolio. This includes details of fees charged to your portfolio, which may be deductible against taxable income, all investment income received by way of interest, dividends and other cash distributions, PIE funds taxable income and taxable income calculated under the foreign investment fund rules. Aegis is ideally placed to undertake the complex calculations required under the foreign investment funds rules because of the up to date pricing and exchange rate information maintained as an integral part of the Aegis service.

As the taxation of investment income can be complex, we recommend you seek advice from a tax professional.

WHAT REPORTING DO I RECEIVE?

Because Aegis holds your portfolio investments, records all transactions that take place within your portfolio and has up to date pricing and exchange rate information, Aegis is the source of truth when it comes to portfolio reporting. Your investment professional can provide you with a comprehensive range of reports including:

- Portfolio valuation
- Portfolio performance (gross and net of tax)
- Portfolio income
- Cash transactions
- Asset transactions
- Pending transactions
- Taxation reporting

Your investment professional will agree with you how often they will provide portfolio reports to you. They can also offer you a range of portfolio reports to view online as and when you require. You can choose to have these online reports made available to other people that may be associated with or provide portfolio related services to you, for example trustees, accountants and solicitors.

WHAT DOES IT COST TO USE AEGIS?

Aegis' fees are based on the value of your portfolio held on the Aegis service. Each day, Aegis calculates fees based on the end of day value of your portfolio, and accrues this amount until it's deducted from your Aegis Cash Account. This deduction is usually monthly but may be on another frequency as agreed with your investment professional.

Your investment professional's fees are usually calculated the same way as the Aegis fee and may be presented as a combined fee or shown separately. Your investment professional will agree these fees with you at the time of establishing your portfolio on Aegis. The fees deducted are shown on cash transaction reports available to you.

If there is insufficient cash in your Aegis Cash Account to pay the fee, it will continue to accrue until sufficient cash is available to pay the fee. In some instances, your investment professional may need to sell some of your investments to make cash available to pay fees.

Your investment professional may undertake ad hoc work for you and either invoice you directly for this work or agree with you to have the amount deducted from your Aegis Cash Account.

WHO OWNS AEGIS?

Aegis and ICSL are wholly owned subsidiaries of ASB Bank Limited, a member of the Commonwealth Bank of Australia Group. Aegis employs staff with a wealth of financial services experience in the areas of:

- Client servicing
- Asset trading
- Reconciliations and accounting
- Key relationship management
- Sales and marketing
- Business analysis
- System development
- Risk and compliance management

Aegis has an excellent culture focused on the ongoing development of the Aegis service for the benefit of investment professionals and their clients.

HOW DO I TERMINATE MY PORTFOLIO ON AEGIS?

In the first instance, contact your investment professional. Most portfolio investments can be transferred into your own name, though others may need to be sold if they are not available to be held by you directly. The contract you have with your investment professional will also specify termination terms and conditions.

WHAT ARE MY RIGHTS UNDER THE PRIVACY ACT?

Under the Privacy Act 1993, you have rights of access to and correction of any personal information that Aegis or ICSL hold about you. When appropriate and for the purposes of ongoing administration of your investments, Aegis and ICSL may need to provide your details to parties associated with providing investment services to Aegis.

If you have any concerns about how your personal information is used in connection with the Aegis service, please contact Aegis' Head of Risk and Compliance on 0800 800 638.

CONTACT US

If you want more information on investing via Aegis, contact your investment professional. They will be able to answer most of your questions about Aegis. To contact Aegis directly, our details are:

PHYSICAL ADDRESS

Aegis Limited
Wiltshire House
33-45 Hurstmere Road
Takapuna
Auckland 0622

POSTAL ADDRESS

P O Box 331068,
Takapuna, Auckland 0740
New Zealand

FREEPHONE (within New Zealand)

0800 800 638

EMAIL

enquire@aegisnet.co.nz

WEBSITE

aegis.co.nz

