

# Investment Statement

## INVESTMENT STATEMENT FOR THE SEMPITERNAL FUND SUPERANNUATION SCHEME

### IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

### Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the following pages:

- (a) What sort of investment is this?
- (b) Who is involved in providing it for me?
- (c) How much do I pay?
- (d) What are the charges?
- (e) What returns will I get?
- (f) What are my risks?
- (g) Can the investment be altered?
- (h) How do I cash in my investment?
- (i) Who do I contact with enquiries about my
- (j) Investment?
- (k) Is there anyone to whom I can complain if I have any problems with the investment?
- (l) What other information can I obtain about this investment?

### Choosing an investment adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. The document will tell you:

- (a) Whether the adviser gives advice only about particular types of investment; and
- (b) Whether the advice is limited to the investments offered by 1 or more particular financial organisations; and
- (c) Whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within 5 working

days of your request. You must make the request at the time the advice is given or within 1 month of receiving the advice.

In addition:

- ⌘ If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- ⌘ If an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

### **Warning-Restricted Disclosure**

The law requires that persons considering whether to join a superannuation scheme must be supplied on request with a prospectus about the scheme. However, some small superannuation schemes have been exempted from this requirement on the condition that this exemption is drawn to the attention of prospective members.

You should be aware that in choosing to become a member of this superannuation scheme you may be doing so on the basis of more limited information than is generally available to investors making important decisions about investments.

This is an investment statement for the purposes of the Securities Act 1978.

### **What sort of investment is this?**

#### **1. Employee Based Defined Contribution Scheme**

The scheme is called The Sempiternal Fund ("the scheme"). Unless a member elects to execute a Supplemental Deed [see immediately following clause] this means this is an employee-based defined contribution superannuation scheme. This means the benefits you get are based on contributions made by both you and your employer and the performance of the investments made with those contributions. The scheme is subsidised by the employer of a member ("the employer"). It is governed by a Trust Deed dated the 12<sup>th</sup> day of October 2004 and registered under the Superannuation Schemes Act 1989.

- 2.** By electing to enter into a Supplemental Deed, you are choosing to act as an Advisory Trustee to guide the Trustee on how the funds within the Member's Account are to be invested on your behalf. Provided the investment is permitted under the terms of any legislation application to superannuation funds, the Trustee will consider the guidance favourably. This means that the benefits you get are based on the contributions made by you and the performance of the investments made with those contributions. Your employer may elect to make contributions to the scheme also and may also agree to subsidise the scheme with contributions.

### **Who is involved in providing it for me?**

The scheme is called The Sempiternal Fund. The scheme is an employee-based defined contribution superannuation scheme, membership of which is offered to employees of the employer and any other participating employer who has agreed to participate in this scheme.

The scheme was established by Leech & Partners Limited on the 12<sup>th</sup> day of October 2004 and has been in operation since that date.

The names and addresses of the Trustee, Custodian, the Administration Manager and the Investment Manager are set out below:

## DIRECTORY

**Trustee:** **Sempiternal Trust Company Limited** whose address is care of Leech & Partners Limited, Chartered Accountants, 248 East Street, Ashburton.

**Directors of Trustee:** **Christopher Charles Heffernan, Gary Richard Leech, Neil John Donaldson and Philip John McDonald** whose address is care of Leech & Partners Limited, Chartered Accountants, 248 East Street, Ashburton.

**The Custodian:**  
**Sempiternal Custodians Limited** whose address is care of Leech & Partners Limited, Chartered Accountants, 248 East Street, Ashburton.

**The Administration Manager:**  
**Leech & Partners Limited**, Chartered Accountants, 248 East Street, Ashburton

**The Investment Managers:**  
**Leech & Partners Limited**, Chartered Accountants, 248 East Street, Ashburton

**Gerald Gates & Associates Ltd and Strategic Financial Management Ltd**,  
23 Sir William Pickering Drive, Christchurch

### How much do I pay?

Your contributions are set by agreement with the Trustee and may be varied from time to time. You may also transfer funds from other registered superannuation funds or from overseas schemes. You can also elect to temporarily suspend your contributions.

If your employer chooses to make contributions to the scheme, all contributions are subject to a withholding tax [a default rate of 33%] under current law, which is deducted and paid to the Inland Revenue Department prior to the money being forwarded to Sempiternal Trust Company Limited.

### Accounts

The Trustee maintains three accounts in respect of each member of the scheme. These are:-

#### *Member Account:*

Your Member Account will be credited with all regular and voluntary contributions you make, together with any transfer values allocated to this account paid into the scheme.

#### *Employer Account:*

If your Employer makes any contribution, it will be credited to an Employer Account together with any employer-contribution transfer values allocated to this account.

#### *Reserve Fund*

When a member withdraws from the scheme and receives a benefit that is less than the full Member Account and the Employer Account, the difference is transferred into the Reserve Fund. This account can be used in a number of ways at the Trustee's discretion, including paying employer contributions, meeting expenses, increasing all member and/or employer accounts in an equitable manner and providing personal benefits to a beneficiary in the case of hardship.

At the end of each calendar quarter [or a shorter period as the Trustees deem necessary] the Trustees will allocate the returns for the period from the fund's investments to members in proportion to the size of their fund on a daily basis. In calculating the returns, the Trustees will take account of all gains and losses, income due and any anticipated expenses, including

any taxation and realisation costs in respect of any investments. Where it is considered necessary, the professional services of a valuer will be used to determine the value of investments.

### **What are the charges?**

The Trustee may deduct any fees and charges payable by or in respect of the member to the Trustee from the member's account. If an Employer Account is maintained, the charges may be deducted from that account in priority to the Member Account.

The Trustee may also be reimbursed for any expenses, tax or duty it incurs in carrying out its function as Trustee of the scheme from the reserve fund.

### **What returns will I get?**

Your return from investing in the scheme is paid in the form of a benefit. The main benefits are received on retirement, death, total and permanent disablement (if any), resignation or redundancy. The key factors which determine your returns are the level of contributions made by you and your employer, how long you have been a member of the scheme, the performance of the underlying investments, the nature of the benefit you receive, the amount of insurance cover in respect of you (if any) and the taxes, expenses, costs and charges paid.

The following section describes the benefits payable to you by the Trustee from the scheme in various circumstances and your investment options. Sempiternal Trust Company Limited is legally liable to pay the benefits.

Please note that the continuation of the scheme is not guaranteed. Neither the Trustee nor the Administration Manager, nor any other person guarantees or promises the returns.

## **Benefits**

### *Retirement*

On retirement on or after your normal retirement age you will receive a benefit equal to the balance of your Member Account, and Employer Account.

The Normal Retirement Age under the scheme is linked to the age you become eligible to receive New Zealand Superannuation.

### *Death*

If you die while a member of the scheme, a benefit equal to the balance of your Member Account and Employer Account plus the amount of any insured benefit (refer to Insured Benefits below) plus any further amount the Trustee determines to be payable is paid. You may nominate a beneficiary as the person(s) to whom you wish and your benefit to be paid in the event of your death. The benefit will be paid to your nominated beneficiaries or to the administrator or executor of your estate as determined by the Trustee. If the Trustees cannot trace your beneficiaries within 6 years in order to pay the balance of the Member's fund, such balance will be transferred to a Reserve Account for the benefit of other Members of the Scheme, and will effectively be forfeit. Every effort will have been made to trace the beneficiaries before forfeiture, and there is also provision to reinstate the entitlement for the beneficiaries of a deceased person after forfeiture if suitable evidence of entitlement is presented to the satisfaction of the Trustees.

The benefit will be the total amount held in your Member Account and Employer Account, plus the amount of any insured death benefit you may be entitled to (refer to Insured Benefits' below and any further amount the Trustee determines payable).

### **Total & Permanent Disablement**

If you become totally and permanently disabled (which broadly means you suffer from a serious illness or injury causing you to cease working you will be entitled to receive a benefit.

This benefit is equal to the balance in your Member Account and your Employer Account plus the amount of any insured total and permanent disablement benefit you may be entitled to (refer to Insured Benefits' below) plus any further amount the Trustee determines payable.

### **Insured Benefits**

The scheme does not provide insurance benefits in the event of your death prior to reaching your normal requirement age or permanent and total disablement in excess of your Member Account and Employer Account.

### **Payment of Benefits**

Payment of benefits will be by way of cheque payment to the last known address of the Member, or by credit to a bank account nominated by the Member. In accordance with the trust deed, any payments due will normally be made on the last day of the calendar quarter in which the Member becomes entitled to receive payment. Any charges against the Member's entitlement will be settled in priority to any payment to the Member.

### **What are my risks?**

#### *Investment Performance*

The value of your investment is constantly changing as the investments are subject to capital appreciation or depreciation arising from both realised and unrealised gains or losses.

The investment earnings on your and your employer's contributions may therefore fluctuate significantly from time to time depending on investment conditions, and in particularly severe circumstances, you could then receive less than you and your employer's contributions to the scheme. However, in the long term this type of investment may help you receive maximum benefit from potential gains on investments.

#### *Wind up of the scheme*

There is provision in the Trust Deed that would allow it to be wound up. These are if:-

- ⌘ The scheme ceases to have any beneficiaries
- ⌘ The Government Actuary orders that the scheme be wound up.

If the scheme was wound up, the Trustee will distribute any moneys owing after paying all liabilities and tax of the scheme. Any money remaining will be distributed according to the following priorities:

- ⌘ benefits which have become payable but have not been paid
- ⌘ benefits which have become eligible to be paid but members have elected not to receive a payment
- ⌘ benefit equal in value to the sum of the Member Account and Employer Account
- ⌘ with the consent of the Government Actuary, refund the balance to the participating employer
- ⌘ distribution to each member in proportion to their member account and employer account.

### **PARTIAL WINDING UP**

#### *Insolvency*

In the event that the scheme becomes insolvent, that is, where its liabilities exceed its assets, you would have no personal liability. You would not be asked to make any further

contributions. The scheme would be wound up and you would be paid your investment balance, on a pro-rata basis, after winding up liabilities and expenses have been paid. The Trustee ranks ahead of benefit payments for its fees and expenses incurred in operating the scheme.

Members will rank as unsecured creditors behind secured creditors in the event of a wind up. Examples of unsecured creditors are trade and other professional liabilities. Members also rank alongside unsecured liabilities, examples of which are taxation liabilities.

### **Can the investment be altered?**

The Trustee can amend the scheme, but changes to the scheme require your written consent if your accrued benefits would be adversely affected by the changes. The rules relating to the amendment of the trust deed are set out in the Trust Deed.

### **How do I cash in my investment?**

The purpose of the scheme is to provide you with retirement benefits. You are therefore entitled to retirement benefits under the terms of the Trust Deed. The Trustee also has discretion to permit a Member to withdraw all or part of their Member's Personal Balance upon any condition that they think fit. This requires one month's written notice of withdrawal by the Member and will incur a withdrawal fee.

You cannot sell your interest in the scheme, which is personal to you, nor can you borrow against the benefits payable to you under the scheme, nor can you use them as security or assign them to another person.

The Trustee will transfer any benefit or entitlement you are entitled to under this scheme to another superannuation scheme if you provide your written consent to such a transfer.

### **Who do I contact with enquiries about my investment?**

If you have any enquiries about this investment or the benefits of your membership in the scheme, please refer them to either:

**The Trustee:**                    **Sempiternal Trust Company Limited**  
**248 East Street, Ashburton**  
**[P.O. Box 180], Ashburton.**  
**Attention: Mr Chris Heffernan**

**The Administration Manager:**  
**Leech & Partners Limited,**  
**248 East Street, Ashburton**  
**[P.O. Box 180], Ashburton.**  
**Attention: Mr Chris Heffernan**

### **Is there anyone to whom I can complain if I have any problems with the investment?**

If you still have questions after you have spoken to the people mentioned above, or have a complaint, in the first instance please contact the Administration Manager, or the Trustee at the address shown above:

There is no industry body or ombudsman to whom you can complain about your investments in this scheme.

### **What other information can I obtain about this investment?**

Further information about the scheme can be found in the scheme's trust deed and in the latest financial statements, all of which can be obtained from the Trustee or Administration Manager.

Each year, within 5 months of the end of the scheme year, you will receive a copy of the Trustee's Annual Report to members. You will also receive a yearly account statement.

You have the right upon request to the Administration Manager to:

- ✘ receive an estimate of your benefits in this scheme
- ✘ receive a copy of the scheme's latest financial statements
- ✘ look, at any reasonable time, at a copy of the trust deed and
- ✘ receive upon payment of a reasonable fee, a copy of the trust deed.

In addition you are welcome to look at the insurance policy (if any).

Please contact the Administration Manager at the above address if you would like to request any of the above information. Requests to the Administration Manager should be made in writing, sent by post or facsimile, or by calling the Administration Manager on 03 3083179.

Please note that this Investment Statement explains the benefits payable in general terms. Full details of the scheme can be found in the scheme's trust deed

### ***Miscellaneous Information***

#### **Use of Your Personal Information**

The Trustee will hold personal information in respect of you for the purposes of maintaining and administering the scheme. The Trustee will, when appropriate, relay this information:

- ✘ The Administration Manager, advisers and insurer of the scheme for the purposes of maintaining and administering the scheme,
- ✘ The company for the purposes of maintaining and administering the scheme and for purposes relating to your employment.

You have the right, subject to certain limitations in the Privacy Act, to see any personal information relating to you and to request that it be corrected if you think any detail is wrong. On request, the Trustee will give you the name and address of the person or organisation that has personal information about you provided by the Trustee.

If you have any concerns about how your personal information is being used in connection with the scheme, please contact the scheme's privacy officer Mr Christopher Heffernan who can be contacted at Leech & Partners Limited, 248 East Street, Ashburton.