



**Diversified**

---

## Investment Adviser Disclosure Statement

### **Alan John Milton**

**Company:** *Diversified* Investment Strategies Limited

**Address:** Level 8, Tower 2,  
55-65 Shortland Street,  
Auckland

**Telephone:** 09 366 7380

**E-mail:** alan@diversified.co.nz

**Mobile:** 0274 504 490

**Document prepared on:** 10 March 2008

---

### Introduction

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 Alan John Milton an independent Adviser with *Diversified* Investment Strategies Limited (*Diversified*) and also provides details about how *Diversified* operates, the services offered, my qualifications, how our company operates, and how we are paid.

### Details of the Company

*Diversified* was formed in 1994 to provide Investment Advice with the primary responsibility of preserving value while achieving a competitive rate of return. Subsequently, *Diversified* merged with Legal & Professional Investment Services Ltd and Milton Macy & Co Ltd. In 2006 *Diversified* merged with Aspen Financial Management Ltd.

*Diversified* works via its Directors/Principals and via a number of contracted independent Advisers who use *Diversified's* proprietary investment strategy research and administrative systems in order to deliver a comprehensive investment service to clients.

### Experience & Qualifications

Alan Milton was a director and shareholder of *Diversified* Investment Strategies from 1994 until March 2005 when he sold his financial interest in the company to another director and retired from the board. He has continued to act as an independent adviser to a small number of clients.

Alan spent all his working life in the financial services industry, initially, from 1953, in the City of London where he worked for a major financial institution. Alan moved to New Zealand in 1974 where he joined another major financial institution and remained in this and other similar organizations until becoming a full-time financial planner in 1988.

Alan was a founding member of the New Zealand branch of the IAFP in 1957 and served a 3 year term on the national board of the FPIA (the IAFP's successor). During this time, Alan was a long-term member of its Complaints Committee and its Standards Review Committee.

Alan has been chairman of the Waikato branch of the FPIA and chaired the 2003 FPIA national convention committee. He has attended a number of overseas financial planning

***Diversified* Investment Strategies Limited**

Level 1, Norfolk House, 161 Marine Parade, PO Box 319, Napier Tel 06 835 5556

Level 8, Tower 2, 55-65 Shortland St, PO Box 105142, Auckland Tel 09 366 7380

[www.diversified.co.nz](http://www.diversified.co.nz)



conferences in the USA and Australia. Whilst an active member of the IAFP/FPIA, Alan held the internationally recognized Certified Financial Planner (CFP) mark.

### ***How we Operate***

After gathering information we formulate a written investment plan to meet the goals and objectives of our clients. Upon agreement this plan is implemented and then regularly reviewed on a quarterly basis. We utilise independent statutory custodial services for the efficiency and protection of our clients' assets.

In some cases we may give casual advice on an "informal" basis where a custodial service is not employed and reviews are undertaken by mutual arrangement.

### ***Investment Advice***

*Diversified* may place investments via the Independent Custodian with any investment provider and has no tied arrangements or 'quota' arrangements for levels of business with any product or service supplier. The field of our investment alternatives is not limited and may include:

- Direct Shares – Domestic and International
- UK Listed Investment Trusts
- Unit Trusts<sup>i</sup> – Listed and Unlisted
- Group Investment Funds,
- Term Deposits
- Bonds
- Alternative Assets – hedge funds, precious metals
- KiwiSaver<sup>ii</sup>
- Superannuation<sup>iii</sup>

### ***How your investments are managed***

The *Diversified* Portfolio Service (DPS) involves the researched selection of various investments both locally and internationally and are held in a variety of currencies. This service involves formal mark-to-market valuation, regularly benchmarking portfolios against research models in appropriate risk categories and against the investor's objectives, safe-keeping of securities; receiving, checking and accounting for distributions; accounting for tax; monitoring changes to structure or investments; and making or recommending changes as appropriate.

There are three parties working for the benefit of the investor in order to seek superior investment returns while limiting risks:

**The Custodian** - New Zealand Guardian Trust Co Ltd (NZGT) and/or Investment Custodial Services Ltd (Aegis) acts as the custodial trustee. All investment funds are directly paid to the Custodian and withdrawals are paid by them - no other parties have access to the funds.

**The Adviser** follows the recognised six step process of: gathering information, helps to define a client's goals and objectives, makes recommendations to meet those objectives, implements the agreed investment strategy, monitors portfolios quarterly and reviews the client's objectives regularly.

***Diversified*** provides the research to develop the investment strategies, provides the portfolio reports, administration and information, and acts as a central point of reference, resource and coordination.

### ***Other Information we Provide***

- Various reports are provided on a quarterly basis and include portfolio valuations and performance reports.



- When completing a transaction in relation to the acquisition of any particular security a full description of the security will be provided along with a copy of the current investment statement, product description or prospectus published by the security issuer if applicable.
- “Diversified’s View” is published and provided to clients monthly.
- Comprehensive Tax reports.
- NOTE: as mentioned on the earlier page, where the arrangement between the adviser and the client is “informal” the information in points 1 and 4 of this section will not apply

### *Taxation & Estate Planning*

We do not provide advice on Taxation, Wills, or Trusts except in general terms in relation to investments. Such advice should be obtained and/or confirmed from a qualified specialist.

### *Research*

*Diversified* formulates leading and independent investment strategies, based on our gauging of economic trends and tempered by a proprietary view of market valuations. The company makes a major commitment to investment research, and gathers fundamental information utilising internationally recognised research providers. *Diversified* is a proponent of *Tactical Asset Allocation* to add value and reduce risk by adjusting investment levels to the various sectors in response to changing economic indicators, in a context of systematic diversification in accordance with Modern Portfolio Theory. Positions are formulated with a one-year to 18 month horizon and are formally reviewed quarterly. Our *Diversified* Portfolio Service (“DPS”) facilitates efficient application of our *Tactical Asset Allocation* advice.

### **Remuneration**

All professional fees to clients are paid to *Diversified* and are based on the portfolio management and advice provided – and these can vary according to each client’s situation. Along with the investment plan we will provide a full breakdown of the fees involved and no fees will become payable unless agreed beforehand. As an independent Adviser Alan Milton receives a share of these fees for the services provided.

All entry and exit fees payable on account of recommended investments are rebated, i.e. commissions received (if any) are directly rebated back to the investor. All fees charged are detailed in the clients cash account held within their portfolio and a statement of the cash account is provided quarterly or more frequently upon request. *Indicative* rates for the establishment and management of a *Diversified* portfolio are:

<b>Type of Fee</b>	<b>Maximum fee payable</b>
Investment Entry Fees	Nil (Rebated to client if applicable)
Plan Implementation	\$500 minimum or by arrangement
Monitoring Fee per quarter	0.5% (on first \$250,000) 0.4% (on the next \$250,000) 0.3% (on the next \$500,000)
Plus GST as applicable	0.2% (on the balance)

### **Commissions & Other Benefits**

*Diversified* may in rare instances receive “trail commissions” from the managers of “retail” Unlisted Unit Trusts in which clients have invested. Such investments do not often feature in *Diversified* portfolios unless there is a perceived investment advantage for their inclusion. Such trail commissions are generally small in value and where they apply they will be fully rebated if possible or disclosed to clients at the time of recommending such investments.

Alan Milton, along with Directors and other Advisers contracted to *Diversified* may at times attend briefings, courses, and seminars conducted by investment product providers. Such



functions are generally aimed at the exchange of information; but meals and other items of negligible value might be provided and accepted.

NOTE: fees charged where casual advice is given outside the *Diversified* Portfolio Service will be agreed with the client before any work is undertaken and given in writing.

## Professional Indemnity

All *Diversified's* advisers are covered under a Professional Indemnity insurance policy. This insurance provides for: errors or omissions; defamation; employee dishonesty; and includes full "prior acts" protection. Our cover exceeds the minimum level of cover required by the Institute of Financial Adviser's Membership By-laws. The underwriter is **QBE** Insurance.

## Agencies, Powers of Attorney, Custodial Services

Specific details with regard to arrangements relating to the provision of custodial services or agency or powers of attorney including any disclaimers relative to the services will be provided to you in writing if applicable.

## Declaration

To the best of our knowledge and belief we are not aware of any other existing or potential conflicts of interest, which could impair our objectivity as advisers or providers of professional services.

We declare that this document when completed and signed incorporates the standards of disclosure required in terms of the Securities Markets Act 1988 and the Securities Markets (Investment Advisers and Brokers) Regulations 2007 when accompanied by the fee schedule for the investment advisory services to be provided.

## ***Diversified Investment Strategies Limited***

### **Alan John Milton**

Date:.....

---

## Interests Register

Alan Milton may be personally, or with his wife, a holder of all or some of the investments contained in any recommendation.

---

<sup>i</sup> *Diversified* Wealth Management Limited manage the *Diversified* Balanced Investment Fund and may recommend this fund to clients.

<sup>ii</sup> *Diversified* provides investment advice and support services to the Law Retirement KiwiSaver Scheme.

<sup>iii</sup> *Diversified* provides investment advice to the Law Retirement Plan.