

Information sheet: Do I want to be a wholesale or retail investor?

The majority of our clients are wholesale investors as they have substantial assets or cashflow which qualifies them as such, and they are keen to access our Discretionary Management Service (**DIMS**) which is only available to wholesale clients.

This information sheet helps you and us mutually agree whether wholesale or retail investor status is most appropriate for you. We check with you at the beginning of our relationship and if you qualify and want to be a wholesale investor, then we will check this again with you every two years.

What is the difference between wholesale and retail investors?

Wholesale investors

Wholesale investors are defined in law and, broadly speaking, are people or organisations who have sufficient previous investing experience that means they don't require disclosure. You can either be a wholesale investor for all offers of financial products, or just for a particular offer.

Wholesale investors for all offers of financial products: An investor is a wholesale investor for all offers of financial products if:

- they are an investment business (for example, an entity whose main business is investing in financial products, a registered bank, or a financial adviser);
- they meet the investment activity criteria specified in law to essentially qualify as a habitual or experienced investor;
- they are 'large' (the investor has net assets or turnover exceeding \$5 million for the last two completed financial years); or
- they are a Government Agency.

Wholesale investors for a particular offer of financial products: An investor is a wholesale investor in relation to a particular offer of financial products if:

- they are an eligible investor in relation to that offer (see below);
- the minimum investment amount payable by the investor is \$750,000;
- the investment amount, plus any amounts previously invested by the investor for the same financial products from that provider add up to at least \$750,000;
- it is proposed that the investor will acquire the financial products under a bona fide underwriting or sub-underwriting agreement (typically relevant to investment banks or other financial institutions and not individual investors); or
- in relation to an offer of a derivative, the notional value of the derivative is at least \$5 million.

Eligible investors: You can self-certify yourself to be an 'eligible investor' (which is a type of wholesale investor) in relation to a particular transaction if you have sufficient experience in acquiring or disposing of financial products to be able to assess:

- the merits of the transaction
- your own information needs in relation to the transaction; and
- the adequacy of the information provided by any person involved in the transaction.

That certification requires a financial adviser, a qualified statutory accountant, or a lawyer to sign the certification stating they are satisfied you have been sufficiently advised of the consequences of self-certification and have no other reason to consider the self-certification is incorrect or that further information or investigation is required.

Wholesale investors don't have the same protections as retail investors

The Financial Markets Authority (**FMA**) has a range of powers it can use in relation to retail investment offers, and it can intervene where necessary. However, it has little oversight of wholesale investment offers.

Investing in a wholesale offer may mean you:

- Do not receive a Product Disclosure Statement (**PDS**) for the offer. The PDS sets out the key characteristics, risks and features of the investment, in clear, concise and effective language that is aimed at a prudent but non-expert investor. A PDS is not required for wholesale offers.
- Are not dealing with a firm licensed by the FMA (this is particularly relevant for offers of managed investment products and derivatives). Licensing gives the FMA the ability to monitor the activities of the firm. AMA Capital Management Limited is a licensed financial advice provider.
- Do not have access to a free independent dispute resolution scheme if things go wrong.
- Do not receive information about the investment's ongoing performance.
- Won't have a licensed supervisor (an entity that looks after the interests of investors) in the case of debt securities such as bonds and managed investment schemes.

While offers to wholesale investors are not regulated in the same way as offers to retail investors, the offeror must still comply with 'fair dealing' requirements. This means the person making the offer cannot:

- engage in misleading or deceptive conduct in relation to the offer
- make false or misleading statements in their offer documents or advertising
- make unsubstantiated representations.

How do we treat wholesale clients?

We treat wholesale and retail clients with the same care and consideration. The main benefits of being a wholesale client are you have access to our wholesale DIMS and we can recommend a wider range of investment solutions - many of which have lower fees than retail investments. The main disadvantage of being a wholesale client is you do not have access to our external dispute resolution service if we are not able to resolve any dispute. However, you do have the ability to take legal action if we cannot amicably agree on a solution.

The table below provides more detail on how we operate with wholesale and retail clients:

Item	Wholesale	Retail
We can provide you with our DIMS where we agree upon your portfolio and the guidelines for its management, then you give us discretion to make all day to day decisions and provide you with regular reports.	✓	X
You have access to our external dispute resolution service (Financial Services Complaints Ltd) in the event we are not able to resolve the dispute with you.	X	✓
Provide publicly available disclosure information. See our website at http://www.amacapital.co.nz/important-information.html Note the differences in the document between wholesale and retail clients.	✓	✓
Meet the standard of competence knowledge and skill. Under the law, we do not have to have the competence, knowledge, and skill of someone providing financial advice to retail clients. However, Angela Anderson provides advice to both retail and wholesale clients and has all the required competence, knowledge, and skill.	✓	✓
Must give advice that is suitable to the client and take reasonable steps to ensure the client understands the advice provided.	✓	✓
We must give priority to your interests by taking all reasonable steps to make sure our advice isn't materially influence by our own interests.	✓	✓
Exercise care diligence and skill in providing you with financial advice.	✓	✓
Meet standards of ethical behaviour, conduct and client care.	✓	✓

If you wish to be a wholesale client, then there is some paperwork we need to complete to gain confirmation of your status. If you have any questions on wholesale vs retail client status, then please ask Angela Anderson or Campbell Millar.

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