



## Investment Statement dated: 25 May 2009

### 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 these two pages.

- What sort of investment is this?
- Who is involved in providing it to me?
- How much do I pay?
- What are the charges?
- What returns will I get?
- What are my risks?
- Can the investment be altered?
- How do I cash in my investment?
- Who do I contact with enquiries about my investment?
- Is there anyone to whom I can complain if I have a problem with this investment?
- What other information can I obtain about this investment?

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

### Choosing an investment adviser

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including –

- Relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- What types of investments the adviser gives advice about; and
- Whether the advice is limited to investments offered by one or more particular financial institutions; and
- Information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- Any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include:

- The nature and level of the fees you will be charged for receiving the advice; and
- Whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

### What sort of investment is this?

Fully paid-up shares of \$1.00 each in the Police and Families Credit Union (Credit Union) are being offered under this Investment Statement. The shares are debt securities for the purposes of the Securities 1978. The shares being offered rank equally with all other shares in the Credit Union.

The shares are secured by a first ranking equitable assignment by way of security over the whole of the Credit Union's present and future undertaking, property, assets and revenues, including the proceeds received for the subscriptions of shares and unpaid share capital (if any). This security has been granted in favour of Perpetual Trust Limited (as the statutory trustee for the purpose of the Securities Act 1978), under a Trust Deed dated 17 April 2001.

Holders of shares (who are also referred to as the "members") are entitled to vote at meetings of the members and each member has one vote. The shares can be withdrawn (redeemed), according to their terms of issue, but at least 60 days' notice of withdrawal may be required. Further information about withdrawals is set out below under the heading "What returns will I get?"

The shares are not transferable.

Shares are to be issued on an "on call" basis (referred to as "Call Shares"), and shares that are to be issued for a specified term (referred to as "Term Shares") are also being offered. As mentioned above the Call Shares and the Term Shares rank equally.

### Who is involved in providing it to me?

The shares are being issued by the Credit Union. The Credit Union's address and contact details are set out below.

Credit Union Name: Police and Families Credit Union  
Street address: Level 11, Willbank House, 57 Willis St, Wgtn.  
Postal address: PO Box 12-344, Wgtn.  
Phone No: (04) 472 9645, Facsimile No: (04) 499 2006.

### Prudential Supervisor

The Credit Union has appointed Perpetual Trust Limited to act as the statutory trustee for the purpose of the Securities Act 1978. Perpetual Trust Limited, in its capacity as

statutory trustee, is also referred to in this Investment Statement as the "Prudential Supervisor".

Name: Perpetual Trust Limited  
Street address: Level 6, 187 Featherston Street, Wgtn.  
Postal Address: PO Box 3845, Wgtn.  
Phone No: (04) 470 9600, Facsimile No: (04) 470 9623.

### Principal activities

The Credit Union is a not-for-profit financial co-operative registered as a credit union under the Friendly Societies and Credit Unions Act 1982. The objects of the Credit Union are essentially the promotion of thrift amongst its members (shareholders) by the accumulation of their savings, the use and control of the members' savings for their mutual benefit and the training and education of the members in the wise use of money and in the management of their financial affairs.

The Credit Union makes loans from its share capital to members. The availability of loans to members is dependent upon the availability of funds in the form of the Credit Union's share capital. Loans to members are made in accordance with the Credit Union's Rules and the provisions of the Friendly Societies and Credit Unions Act 1982, which may from time to time specify the maximum amount which may be loaned to any member, the maximum term of loans or the lending to assets ratio to be observed by the Credit Union.

The Credit Union's principal activity over the past five (5) years has been the provision of a co-operative savings facility for members to form a loan fund for the provision of loans to members out of that fund. The Credit Union has been carrying on these activities since 1973.

### How much do I pay?

#### Moneys payable by subscribers

The shares are being offered for \$1.00 each. Payment for the shares may be made in cash or as otherwise agreed with the Credit Union.

Applications must be for a minimum of one share (i.e. \$1.00). The Credit Union will not accept an application if, as a consequence, the applicant would have an interest in more than 250,000 shares in the Credit Union.

Your initial application for shares must be made on the Credit Unions membership application form.

The membership application form also governs further subscriptions for shares by you. Applications must be made by sending the completed Application Form, together with payment for your initial subscription to the Credit Union.

### What are the charges?

The Credit Union charges transactions fees, for share withdrawals via ATM and Eftpos Card Transactions and replacement Cards. Disclosure of these fees is made on the Credit Union web site and supplied when you sign up for the service.

The Credit union also charges transaction fees for Telephone Banking transactions in excess of 10 transactions per month. Disclosure of this fee is made on the Credit Union web site and within the application form for the service.

#### Early termination charges

If you terminate your Term Share deposit early (by withdrawing your shares before the date on which they are due to mature), the Credit Union may impose a charge by reducing the interest paid to you in respect of those shares. This charge will take the form of a change in the interest returns paid to you. Instead of receiving the interest rate quoted to you when you subscribed for your shares, you will receive the Credit Union's minimum on-call rate applying for the period of your investment. This will be calculated daily and paid to you at the time of your withdrawal.

During the term of your Term Share Deposit (i.e. until your shares are withdrawn) the Credit Union may not alter the way in which the early termination charge is calculated and may not introduce any new fees or charges.

### What returns will I get?

#### Returns

The returns you will receive are:

- the payment of interest on your shares; and
- the repayment of the principal amount of your shares.

The amount of returns payable by the Credit Union in respect of shares is available on request from the Credit Union and will generally be a fixed interest rate during the term of the shares plus the principal invested. If you wish, the Credit Union can inform you what the returns will be at the time you subscribe for your shares. The current interest rates will be published by and be available from the Credit Union from time to time.

The key factors that will determine shareholders' returns are:

- the rate of interest at which you agree to invest your money;
- the amount of principal you invest;
- the term of your investment; and
- any tax deduction

No amount of return is quantifiable at the date of this Investment Statement and therefore cannot be promised by the Credit Union in this Investment Statement. However once the terms and conditions of any investment have been agreed between the Credit Union and you, those terms and conditions will be legally enforceable by you.

Interest on shares is calculated daily and may be payable (less any tax) either at the end of the term of the shares, annually, six monthly, quarterly or monthly, depending upon the shares that you choose to invest in.

#### Withholding tax

The Credit Union will deduct resident and non-resident withholding tax from the gross interest payable, unless it receives a copy of a valid certificate of exemption. This may affect the level of return that you receive.

#### Payment of returns

Returns payable on a member's shares will, unless otherwise advised in writing or as provided in the terms on which the shares are issued, be credited to the member's account at such intervals as is provided in the terms of the issue. The Credit Union's Rules provide that a 60-day notice period for withdrawal of shares may be required.

#### Maturity

If a member has given instructions for any shares to be automatically reinvested at the end of their term, the reinvested funds will earn the interest return applicable at the time of reinvestment to the term share account nominated. The Credit Union will not be required to give a member notice of the reinvestment of their funds, unless the Credit Union has received notice in writing from the member that notice of reinvestment is required.

#### Obligations to pay returns

The Credit Union is legally obliged to pay the returns to members in respect of their shares.

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

#### Risks

The principal risks to investors are that:

- they may not receive timely, or any interest payments on their shares; and
- they may be unable to recoup their original investment amount.

This could happen for a number of reasons, including those specified below.

#### Insolvency

The main risk to members in investing in shares in the Credit Union, is that the Credit Union could become insolvent. The Credit Union could become insolvent and/or be wound up if a significant amount of the loans due for repayment remain unpaid for an extended period of time, or if the Credit Union were for any reason unable to pay its debts as they fell due.

#### Consequences of insolvency

Certain claims, such as unpaid fees of the Prudential Supervisor, unpaid wages and insolvency costs would rank ahead of the claims of shareholders in a winding-up. Should the Credit Union ever be wound-up due to insolvency or otherwise, members will not be liable to pay any monies in addition to the amount of the members' shares. All members' claims with each other will rank equally in respect of their shares (including those who invest under an earlier or later prospectus).

#### Competition

Under the Friendly Societies and Credit Unions Act 1982 the Credit Union is restricted as to the persons it may accept as members. This restriction is called the Credit Union's common bond, and is specified in the Credit Union's Rules. As the Credit Union is competing with banks, other Credit Unions and companies operating in the savings and loans market, restrictions on membership affect the Credit Union's profitability and the returns payable to members.

In order to enable the Credit Union members (shareholders) to access their savings through debit card transactions, the Prudential Supervisor has agreed to release its charge over the credit funds held in a settlement account with Westpac Banking Corporation ("Westpac") up to a maximum of \$300,000 (referred to as "credit funds") and the Credit Union has granted Westpac a first ranking specific security over the credit funds.

As at the date of this Investment Statement and with the exception of the security interest granted over the credit funds in favour of Westpac (referred to in the above paragraph), there are no claims that rank in priority to or equally with members' claims, except for claims given priority by, the Trust Deed or by operation of Law, for example, any monies owing to the Prudential Supervisor on insolvency, any insolvency costs, unpaid wages and taxes.

The Credit Union may grant a security interest over or affecting all or any part of its assets, which may rank in priority to or equally with members' claims, but only with the prior written consent of the Prudential Supervisor.

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

Once Term Shares have been subscribed, their terms cannot generally be altered. Additional shares may be acquired, but, on the terms and conditions applicable at that time. As stated below the Credit Union may agree to an early termination/withdrawal of shares.

The Credit Union reserves the right at its absolute discretion to vary the terms, conditions or rate of renewal of any new, un-issued shares from time to time. Any alteration of the rate of return or charges, will not apply to existing shares other than - Call Shares already issued to a member.

Police and Families Credit Union does not give notice of alteration of rates of return on shares that are held in on-call or savings accounts.

If the Credit Union breaches its obligations under the Trust Deed, the Prudential Supervisor may exercise its rights of enforcement, which include, but are not limited to, giving directions, appointing directors, appointing a receiver or requiring the immediate repayment of all monies (including members' subscriptions) secured under the equitable assignment by way of security.

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

You can apply to cash in your shares by contacting the Credit Union.

#### Early termination withdrawals

Subject to the provisions of the Friendly Societies and Credit Unions Act 1982, members' shares are held as if they were a savings account with a passbook mechanism.

While Call Shares are usually available to be withdrawn on request, the Credit Union's Rules provide that a 60-day notice period for withdrawal may be required.

The Credit Union is not entitled at law to consent to any withdrawals from members' share accounts where the Credit Union is unable to meet its debts as they fall due.

#### Early repayment

The policy of the Credit Union is to not make repayments prior to maturity of Term Shares. In the event of financial hardship or extraordinary circumstances, written application may be made to the Credit Union, who may exercise its discretion to repay the funds in whole or in part. In such case the interest or dividend payable will be subject to adjustment in accordance with the terms of the share account. See section "What are the charges?" for details of the charges that may apply in this situation.

#### Right to sell securities

Shares (deposits) in the Credit Union are non-transferable. However a member may nominate someone to receive any monies payable by the Credit Union on repayment of the shares. Any such nomination must be in writing and signed by the member, delivered or sent to the registered office of the Credit Union, made via approved electronic means or made in a register kept at the Credit Union's office.

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

The Administration Manager at the Credit Union can assist with any questions about shares in the Credit Union. The Administration Manager can be contacted at the Credit Union's office. The Credit Union's contact details are listed on the previous page.

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

Any complaint about an investment in the shares should, in the first instance, be made to the General Manager of the Credit Union at the address set out on the previous page.

If after discussing any concerns with the General Manager, members are still not satisfied, they may contact either:

- The Prudential Supervisor, whose contact details are listed on the previous page; or
- The Registrar of Friendly Societies and Credit Unions, whose contact details are:

Companies Office, Business & Registries Branch,  
Ministry of Economic Development

Street address: Level 5, 3 Kingston St

Postal address: Private Bag 92061,

Auckland Mail Centre, Auckland

Phone No: (0508) 266 726, Facsimile No: (09) 912 7787

There is no ombudsman to whom complaints can be made.

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

#### Credit Union

For more information about investing with the Credit Union, members may request, free of charge, the most recent copies of the Credit Union's Rules, this Investment Statement, the current Prospectus, the Trust Deed, and the Credit Union's audited financial statements from the Credit Union itself.

#### Companies Office

The Credit Union's Rules, Prospectus, the Trust Deed and Deeds of Variation, any material contracts and audited financial statements may be accessed on the Companies Office website [www.companies.govt.nz](http://www.companies.govt.nz) under "Search Other Registers". The file reference number is "1802854".

Tax statement and shareholding statement

You will be sent annually a statement of any resident or non-resident withholding tax deducted and a statement of the interest paid to you in respect of your shares. The Credit Union is also required to send you (on request and at least every six months) a statement that shows how many shares, and of what type you hold.

### **Additional Information relating to the NZ Deposit Guarantee Scheme.**

Effective 12 October 2008, the Credit Union has a guarantee under the New Zealand deposit guarantee scheme.

The following information is available, free of charge and at all reasonable times, on the internet site maintained by, or on behalf of, the Treasury, at [www.treasury.govt.nz](http://www.treasury.govt.nz)

- Further information about the deposit guarantee scheme; and
- The most recent audited statement of financial position of The Crown.