



Lifestages Deposit Portfolio

Investment Statement dated 1 November 2009

FANZ: 51 Don St, PO Box 835, Invercargill, New Zealand. Tel: 64 3 211 0700, Fax: 64 3 211 0754

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 in this Investment Statement:

What sort of investment is this?
Who is involved in providing it for 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 problems with the 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.

Engaging 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 1 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.

This document is an Investment Statement for the purposes of the Securities Act 1978.

Disclaimer

The principal and returns of the Lifestages Deposit Portfolio are not guaranteed or secured in any way by Funds Administration New Zealand ("FANZ"), the Southland Building Society ("SBS"), Trustees Executors Limited or their Directors. Units do not represent deposits of any member of the SBS and are subject to investment risk, including the possible delays in repayment and loss of income and principal invested. However, as at the date of this Investment Statement the Lifestages Deposit Portfolio only invests in deposits guaranteed under the New Zealand Deposit Guarantee Scheme. On 11 February 2009 the Trustee, in its capacity as the trustee of the Lifestages Deposit Portfolio, became a Nominated Beneficiary in respect of the Lifestages Deposit Portfolio. This allows eligible Unit Holders (referred to in this Investment Statement as G Unit Holders) to benefit from the Crown guarantee in relation to investments of the Lifestages Deposit Portfolio. Refer to 'What returns will I get?' for further information.



Investment Statement for the Lifestages Deposit Portfolio

WHAT SORT OF INVESTMENT IS THIS?

The Lifestages Deposit Portfolio is a Unit Trust, established under the Unit Trusts Act 1960. The Lifestages Deposit Portfolio was established on 11 December 2007. The Lifestages Deposit Portfolio's objective is to deliver investment returns for investors in line with the Official Cash Rate (for Class A Units) and a rolling 12 month term deposit (for Class B Units). The Lifestages Deposit Portfolio offers investors the opportunity to invest in two classes of investment units, Class A units which are generally on-call, and Class B units which generally have pre-determined maturity dates (refer to "What Returns will I get?").

The Lifestages Deposit Portfolio invests primarily in term deposits issued by the Southland Building Society ("SBS") and other registered building societies, and as at the date of this Investment Statement only invests in deposits guaranteed under the New Zealand Deposit Guarantee Scheme. SBS is a registered bank. For the purposes of this Investment Statement, investments in this fund are referred to as "investments" and the Southland Building Society as "SBS", and references to "term deposits" includes redeemable shares issued by any building society. However, for so long as the Portfolio receives the benefit of the New Zealand Deposit Guarantee Scheme new investments will only be made in debt securities issued by SBS, another registered bank or the New Zealand government.

The Lifestages Deposit Portfolio is a registered Portfolio Investment Entity ("PIE") for tax purposes.

By applying for units in Class A or Class B of the Lifestages Deposit Portfolio you direct FANZ to invest in accordance with the investment objectives and strategies of the Lifestages Deposit Portfolio.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

The name of the portfolio is the Lifestages Deposit Portfolio. The Lifestages Deposit Portfolio was established by an Establishment Deed dated 11 December 2007 and commenced operation on 3 March 2008.

The Manager and issuer of the Lifestages Deposit Portfolio is FANZ. FANZ has been in operation since 1st April 2002 and as at the date of this investment statement has over \$275m funds under management and under advice. FANZ is a subsidiary of the SBS. The address of FANZ is SBS Head Office, 51 Don Street, PO Box 835, Invercargill.

The Trustee of the Lifestages Deposit Portfolio is Trustees Executors Limited ("TEL"), a member of the Sterling Grace Group. TEL was established in 1881 and is empowered by its own Act of Parliament. The Trustee's main function is to exercise reasonable diligence to ensure that FANZ is managing the Lifestages Deposit Portfolio in line with the Trust Deed and with the terms set out in this Investment Statement. TEL's address is Level 5, 10 Customhouse Quay, PO Box 3222, Wellington. No member of the Sterling Grace Group, FANZ or SBS guarantees the return of capital invested in the Lifestages Deposit Portfolio nor that any investment in the Lifestages Deposit Portfolio will provide a particular return.

FANZ has appointed TEL to provide certain registry services in respect of the Lifestages Deposit Portfolio Class A Units and the Class B Units Investment Series. TEL's address is set out above. The address for SBS is 51 Don Street, PO Box 835, Invercargill.

HOW MUCH DO I PAY?

You may invest in the Lifestages Deposit Portfolio by lump sum investment and/or by contributing on a regular basis. The minimum amounts you can invest are outlined in the following table. The maximum amount you can invest in Class A Units is 20% of the Units on issue in Class A at any time or \$1 million, whichever is the lesser amount. The maximum amount of Class B Units that can be invested in each Series depends on the total size of each Investment Series. This is to ensure that each Series complies with the Portfolio Investment Entity rules.

Lump Sum	Class A	Class B
Minimum Initial investment	\$5,000	\$10,000
Minimum additional lump sum investment	\$500	N/A
Regular Minimum Payment	\$100 a month	N/A
Maximum Investment	20% of the total Class A Units on issue, up to \$1m.	Series Size less than \$2.5m - Max that can be invested = \$250,000 Series Size \$2.5m-\$5m - Max that can be invested = \$500,000 Series Size \$5m or more - Max to be invested = \$1m

The Manager will not accept an application for Units in a Series which would result in the investor holding Units in excess of the Maximum Investment for that Series. Where your investment in a Series would, for any reason, exceed the Maximum Investment the Manager may redeem such number of Units as is necessary to reduce the number of Units you and any associated person hold below



Investment Statement for the Lifestages Deposit Portfolio

the applicable Maximum Investment.

Lump sum contributions can be made by completing the application form accompanying this Investment Statement and returning it to TEL or any branch of the SBS. Payments can be made by cheque (made payable to the Lifestages Portfolios and crossed "Not Negotiable"). Regular monthly payments (available for Class A only) can be made by direct credit to the Lifestages Deposit Portfolio bank account maintained by TEL.

If an investor's account balance is below \$5,000 for Class A or \$10,000 for Class B then the Trustee may require a full withdrawal by the investor.

You will be sent details of your investment in the Lifestages Deposit Portfolio.

Units in the Lifestages Deposit Portfolio are generally valued at \$1.00. In the absence of any change in circumstances it is not currently anticipated that the Market Value of the Units in the Lifestages Deposit Portfolio will fluctuate.

By purchasing units in the Lifestages Deposit Portfolio you are pooling your investments with other investors. In doing so, you can gain access to a wider range of wholesale investments than would be possible for most investors. Your contribution to the Lifestages Deposit Portfolio is converted into units in the applicable class of units in the Lifestages Deposit Portfolio, which represents your proportionate holding of the Lifestages Deposit Portfolio's total assets.

WHAT ARE THE CHARGES?

There are no entry fees when you invest. The exit fees for withdrawals are as follows;

Class A Units; No exit fee applies.

Class B Units; A fee of 1.5% applies for withdrawals made after one month of investing in this class of units.

Should you withdraw Class B Units within 30 days of investing, no income will be credited in respect of those Units,

As at the date of this Investment Statement the Manager is responsible for paying any fees to the Trustee, Investment Manager and the Administration Managers, and any other costs and expenses associated with the administration and compliance of the Lifestages Deposit Portfolio. However, any costs reasonably incurred in verifying your status as a G Unit Holder (if applicable) may be recovered from you in the unlikely event that the Crown retail deposit guarantee is called upon. While the Manager has no current intention to do so, the Manager is entitled under the Trust Deed, and reserves the right, to determine and charge certain fees in respect of the Lifestages Deposit Portfolio. You will be given 30 days notice if any changes are to be imposed in the future. The Trust Deed provides for a maximum Management Fee of 0.75% per annum of the Gross Asset Value of the Portfolio, plus GST.

Currently the Trustee fee is paid by the Manager and is not paid for by the Lifestages Deposit Portfolio. However, under the Trust Deed, the Trustee is entitled to receive and retain for its own use and benefit out of the Lifestages Deposit Portfolio, by way of remuneration for its services as Trustee, such fees as may be agreed upon in writing between the Trustee and the Manager. The Trust Deed provides for a maximum Trustee Fee of 0.1% per annum of the Gross Asset Value of the Portfolio, plus GST.

SBS have agreed to reimburse FANZ for expenses incurred in

administering the Lifestages Deposit Portfolio.

In addition, SBS and any other financial institution that FANZ places the investments of the Lifestages Deposit Portfolio with may, from time to time, pay a placement fee in relation to those placements. This fee is paid directly from each financial institution to FANZ and is not deducted from the Lifestages Deposit Portfolio.

These arrangements are subject to change at any time.

The Manager and the Trustee are both entitled to be reimbursed out of the Lifestages Deposit Portfolio for the items of expenditure in relation to the Lifestages Deposit Portfolio as described in the Trust Deed, other than costs reimbursed from other sources. The actual amount of these expenses cannot be ascertained until they are incurred or realised. There is no maximum amount of reimbursable expenses, however such expenses are not currently payable out of the Lifestages Deposit Portfolio.

FANZ will pay tax on investors' behalf on the returns of the portfolio at each member's Prescribed Investor Rate ("PIR"), as notified.

WHAT RETURNS WILL I GET?

Returns from investing in the Lifestages Deposit Portfolio will be made up of earnings on your investment, and repayment of your capital when you withdraw. Your returns will be calculated daily and accrue from the date your investment amount is invested. The returns are generally reinvested – see below for more details. The amount of return that you will get depends on a number of things:

- The general level of interest rates in the market;
- How long you invest for; and

- The general performance of the economy.

For investments in Class B Units, the amount of return that you will get will primarily depend on the level of return applicable to the Series in which you invest, which will be notified to you before you invest and applies for the duration of your investment up to the applicable maturity date.

You can get your capital back by filling out the appropriate withdrawal form, or by request in writing to FANZ or SBS, and delivering this to your nearest SBS branch. Alternatively, you can post this to FANZ, C/- PO Box 409, Wellington.

There are restrictions on withdrawing Class B investments – refer 'Class B Units' in this section for more information.

As at the date of this investment statement, the Trustee is a Nominated Beneficiary in respect of the Lifestages Deposit Portfolio under the New Zealand Deposit Guarantee Scheme. Accordingly G Unit Holders will be eligible to benefit from the Crown guarantee given in relation to the investments made by the Portfolio. This means that:

- the Portfolio will be able to access the benefit of the Crown guarantee given in relation to the investments of the Portfolio, all of which are covered by the Crown guarantee as at the date of this Investment Statement; and
- the Trustee and the Manager will arrange for the proceeds of the Crown guarantee to be applied for the benefit of G Unit Holders in relation to G Units on such basis as they in their absolute discretion see fit, subject to the terms of the Deed of Nomination. Without limitation, this may involve the Trustee and the Manager:

- placing the proceeds into a separate unit trust or other trust arrangement for the benefit of G Unit Holders and cancelling their existing Units in the Portfolio;
- automatically redeeming the appropriate number of G Units to enable the proceeds to be paid out to the G Unit Holders or dealt with as they may direct; or
- taking such other action as they consider necessary or desirable to ensure the proceeds are applied for the benefit of the G Unit Holders in relation to G Units.

Under the Deed of Nomination, G Unit Holders comprise all Unit Holders other than related parties of the Manager and financial institutions, but include financial institutions holding as bare trustee for the investors who are themselves eligible to benefit from the Crown guarantee. Unless the Manager is satisfied on reasonable grounds that a Unit Holder is a G Unit Holder entitled to G Units, the Unit Holder will be deemed to be an ordinary Unit Holder holding ordinary Units. As at the date of this Investment Statement the maximum number of G Units that a Unit Holder can hold is 1,000,000.

Neither the Manager nor the Trustee promise that the Trustee's Nominated Beneficiary status will continue, or that the investments of the Portfolio will continue to be covered by the Crown guarantee, or that the New Zealand Deposit Guarantee Scheme will continue to operate and be available to benefit G Unit Holders.

Contact the Executive Director of FANZ on 0800 502 442 if you would like more details of the Lifestages Deposit Portfolio Crown Deed of Nomination.

Like a bank deposit, cash invested in the Lifestages Deposit Portfolio Class A or Class B Units earns a rate of return set in advance. Both Classes of Units in the Lifestages Deposit Portfolio receive income from the underlying term deposits, or other investments. Investors in Class A Units receive quarterly distributions by way of an allocation of additional units, or payment in cash, although cash distributions are not currently made in respect of Class A Units except on withdrawal. Investors in the Class B Units receive their interest upon maturity.

The amount of your return will be based on the number of days you were invested and the rate of return or rates of return that applied for the period of your investment. TEL as Trustee is the person legally liable for paying any investment returns to investors.

Class A Units

Class A Units offer an investment opportunity where your investment is generally available to you to withdraw on request, in similar fashion to an investment in an on-call account. A Declared Rate of Return is set each week in advance, with income accruing on a daily basis and credited to investors by way of a distribution of additional Class A Units on a quarterly basis.

Your return is calculated on the average daily balance of your Class A Units each week, using the Declared Rate of Return for that week, and applies from the date at which your investment is processed. We cannot guarantee you a rate of return, or tell you what the future rate of return will be beyond the rate of return for the week you first invest - that depends on market conditions. Likewise, the date your capital will be returned to you is unknown, as it depends when you decide to withdraw.

Class B Units



Investment Statement for the Lifestages Deposit Portfolio

Class B Units offer investment with a fixed term investment opportunity where the term invested may be from thirty days to two years in duration. To achieve this, the Class B Units will primarily invest in term deposit investments with SBS, which is currently covered by a Crown guarantee. Investors investing in Class B Units invest via a number of different Investment Series (i.e Series 1, Series 2, etc.), each of which offers a set rate of return maturing on a given date. The Manager may offer a number of different Series at any particular time, each offering different rates of return and maturity dates depending on the Manager's view on interest rates. Details of the available Investment Series offered in the Class B Units may be obtained by calling SBS on 0800 502 442.

For each Series, the rate of return offered at the time of investment will apply until the relevant maturity date. The Manager may withdraw any Investment Series at any time without notice, and does not guarantee that any Investment Series will be available at any point in time.

On the maturity of an Investment Series, your investment will be repaid to you, together with accrued net income, if you have given us a repayment direction. Otherwise, your investment will be reinvested into a new Investment Series offered for Class B Units in accordance with your reinvestment direction or, in the absence of a reinvestment direction, will be reinvested in Class A Units.

The Manager has the right to refuse any withdrawal request for a whole or partial withdrawal from a Class B Unit. The Manager may consider early withdrawals in the case of hardship, illness or death of the investor(s) but reserves the right to make the final judgment should an investor make an early withdrawal request. The Manager may refuse a

withdrawal request in respect of Class B Units if the relevant Series has not reached its specified maturity date and the Manager reasonably determines that giving effect to your withdrawal request may impact on the Trust's status as a Portfolio Investment Entity (PIE).

To find out what the performance of the Lifestages Deposit Portfolio has been you can call the SBS Contact Centre on 0800 502 442, visit one of the SBS branches or ask your adviser. You can also find out the latest returns by visiting www.sbs.net.nz, however historical returns are no guarantee of future performance.

If for some reason we are unable to redeem your investment on the date you request repayment or in the maturity date of your investment (as applicable), or we believe that repayment of your investment in the Lifestages Deposit Portfolio is not practical or would be materially prejudicial to the interests of investors in the Lifestages Deposit Portfolio, then the repayment of your capital could be delayed for up to three months unless the Trustee agrees to a longer period. There is no limit on the extension of time that the Trustee may consent to.

Tax

Tax affects the returns of the Lifestages Deposit Portfolio. The following is intended as general guidance and is based on legislation current as at the date of this Investment Statement.

The Lifestages Deposit Portfolio is a Portfolio Investment Entity ("PIE"). This allows the Lifestages Deposit Portfolio to pay tax on your behalf. Under current tax laws, the Lifestages Deposit Portfolio will calculate and pay tax on your behalf at one of the following prescribed investor rates (PIR):

- 19.5% if your taxable income (other than PIE income) was

\$38,000 or less in either of the two tax years immediately before the tax year in question. From the 2009 and subsequent income years your combined taxable income and PIE income (after subtracting any portfolio investor allocated losses) must also have been \$60,000 or less in either of the two tax years immediately before the tax year in question;

- 30% for all other individuals and non-residents; or
- 0% for New Zealand resident investors who are not individuals (such as corporates and trustees of family trusts) although such investors can elect a 30% PIR. If the default 0% rate is used, tax paid on income attributed to you by the Lifestages Deposit Portfolios will not be a final tax, and those investors will need to declare the income attributed to them in their own tax return.

Inland Revenue have announced that changes are expected to be made to PIRs from 1 April 2010 to reflect personal tax rate and threshold changes being implemented over the three years from 1 April 2009.

You are required to provide FANZ with your IRD number and tell FANZ the correct PIR to use. You are also required to advise FANZ if your correct PIR changes. If you do not advise FANZ of a change, or provide the wrong rate, you may have an obligation to file a tax return and pay further tax, or may have more tax deducted from your investment than is necessary.

Tax will generally be paid annually (as at 31 March) by FANZ on your behalf based on your PIR and the amount of taxable income allocated to you during the year, whether by way of quarterly distributions of additional units or by way of quarterly distributions of cash. In

In addition, tax will be paid upon a full withdrawal from the Lifestages Deposit Portfolio (or upon switching portfolios). Any tax liability attributed to you will be met by way of cancellation of units, or by way of deduction from any amount withdrawn if insufficient units remain to meet your tax liability after a withdrawal. If you partially withdraw and leave units of insufficient value to cover the accrued liability, then this will be treated as a full withdrawal. FANZ will also consider any potential future market movements or returns when determining whether remaining units are of insufficient value.

The income of the Lifestages Deposit Portfolio Class A Units may include interest from the bank account in which tax payments deducted are held pending payment to the Inland Revenue Department, less any costs associated with the operation of that account. This account will be managed at registry level, external to the Lifestages Deposit Portfolio, by TEL.

The tax paid on income attributed to you by the Lifestages Deposit Portfolio will be a final tax unless you fail to advise a PIR change from 19.5% to 30% or advise FANZ that your correct PIR is 19.5% when it should be 30%, or you have a 0% PIR. Since the tax paid is a final tax, no obligation to file a tax return for your investment in the Lifestages Deposit Portfolio will generally arise. As at the date of this Investment Statement, income from the Lifestages Deposit Portfolio attributed to you will also have no impact on family assistance eligibility, student loan repayment obligations or child support payment obligations.

Tax laws are subject to change. You should consult your own tax adviser if you are uncertain of your taxation position in relation to the Lifestages Deposit Portfolio and the holding or

withdrawal of units in the Lifestages Deposit Portfolio.

The Advantage of PIE

PIEs provide you with a significant benefit over holding assets directly in many cases. This is because PIEs deduct tax on your behalf at your PIR. The highest and default PIR is currently capped at 30%.

The following table shows the impact of PIE tax assuming a 5.25%* return before tax. These categories are used to highlight the impact of relative rates of tax on returns from a PIE compared to investing directly:

- (1) 39% marginal income tax rate investor applying a 30% PIR
- (2) 33% marginal income tax rate investor (including Trusts) applying a 30% PIR
- (3) 33% marginal income tax rate investor applying a 19.5% PIR

The final row shows the gross rate of return that would have to be achieved at various personal rates of tax when investing directly in order to match the PIE return.

	(1)	(2)	(3)
Pre-tax Gross Return	5.25% *	5.25% *	5.25% *
PIE Tax	1.57%	1.57%	1.02%
PIE Post Tax Return	3.68%	3.68%	4.23%
Non-PIE Post Tax Return	3.20%	3.51%	3.51%
Increase in Return	13%	4%	17%
Equivalent Term Deposit Gross Return	6.14%	5.59%	6.43%

* Example rate used for illustrative purposes only. Actual rate of return may differ.

WHAT ARE MY RISKS?

The Lifestages Deposit Portfolio provides you with the opportunity to earn a competitive fixed income return.

Some of the events that can affect Portfolio returns and their unit prices, which can cause the value of your investment to go up and down, are:

- The Portfolio invests into interest bearing term deposit investments, which includes redeemable shares issued by SBS and other Building Societies' term deposits (although for so long as the Portfolio receives the benefit of the New Zealand Deposit Guarantee Scheme new investments will only be made in debt securities issued by SBS, another registered bank or the New Zealand government). Note that redeemable shares rank behind debt securities in terms of their priority of security against the issuing Building Society. The principal risk of investing in these deposits is that, due to adverse changes in the global or domestic economy or market conditions, the Building Societies in which the Portfolio invests may be unable to recover a substantial portion of the loans it has made to others and become insolvent, meaning they may default on either interest or debt repayments, adversely affecting the Portfolio's returns. In that event however, you have no additional liability whatsoever.
- Reductions in interest rates can have a negative impact directly or indirectly on the Lifestages Deposit Portfolio's returns.
- Technological or other failures can have a negative impact on the Lifestages Deposit Portfolio or financial markets.

- If the value of the underlying investments falls, or if there are adverse changes in the law or political environment affecting the Lifestages Deposit Portfolio, you may not receive the returns you thought you might receive. It is possible that on withdrawal you may receive less than the amount you paid in. You would also receive back less than your original investment if the Lifestages Deposit Portfolio was wound up and there were insufficient funds to pay more than the full purchase price of your Units.
- The risk associated with an inability on the part of the Lifestages Deposit Portfolio to meet monetary obligations in a timely manner. The Manager manages this risk by investing principally in investments which can normally be realised reasonably quickly.
- The risk of TEL either over or underpaying tax within the Lifestages Deposit Portfolio because you have provided the wrong PIR or have not advised us to change your PIR when it needed to be changed meaning that you may have to file a tax return and pay further tax on your investment as well as penalties and interest, if the rate you provide is too low. If the rate you provide is too high, you may have more tax deducted from your investment than is necessary.

The risks outlined above that relate to the investments made by the Lifestages Deposit Portfolio are mitigated in respect of G Unit Holders through the New Zealand Deposit Guarantee Scheme, to the extent that the Trustee continues to be treated as a Nominated Beneficiary in respect of the Lifestages Deposit Portfolio under that scheme and the scheme remains in place.

Consequences of Insolvency

As a Unit Holder you will not be personally liable in respect of any debt or liability of the Lifestages Deposit Portfolio. Your liability is limited to the extent of the full purchase price of your Units. You can not be called upon to meet other liabilities of the Lifestages Portfolios.

Winding Up

If there is a resolution passed to wind up the Lifestages Deposit Portfolio, you shall be promptly notified in writing. On the Lifestages Deposit Portfolio being wound up, proceeds from its assets would first be applied to meet the costs, expenses and liabilities of the Unit Trust and would then be distributed to each Unit Holder proportionate to their holding in the Lifestages Deposit Portfolio. You will not be liable to pay any money other than contributions already paid in the event of the Lifestages Deposit Portfolio being wound up. All Unit Holders' claims on the assets of the Lifestages Deposit Portfolio on wind up rank equally with each other.

CAN THE INVESTMENT BE ALTERED?

You may:

- alter your regular contribution amount;
- make one off lump sum contributions;
- temporarily suspend your regular contributions (as long as you maintain the minimum number of units for the Lifestages Deposit Portfolio); and
- make a partial or full withdrawal of your investment subject to any limitations on withdrawal of your investment as agreed with the Manager (FANZ).

You should refer to the sections "What returns will I get?" and "What are the charges?" before making a

decision to alter your investment for further details on any restrictions that might apply.

FANZ may:

- establish new Portfolios;
- wind up the Lifestages Deposit Portfolio; and
- in certain circumstances suspend the redemption of units in the Lifestages Deposit Portfolio.

The investment manager, fund manager, investment strategies, objectives, names, asset mixes and benchmarks of the Lifestages Deposit Portfolio, may be altered from time to time at the discretion of FANZ. You will be given 30 day's notice of any material changes to the investment strategies and objectives.

In addition, you have certain powers exercisable by an extraordinary resolution (including the power to approve Trust deed amendments and changes to authorised investments where required).

The Trustee and Manager may:-

- at any time make any alteration, modification, variation or addition to the provisions of the Trust Deed(s) if the amendment is minor or technical, not prejudicial to the interests of investors generally, authorised by an extraordinary resolution, or if the amendment is necessary or desirable to reflect any changes to the law governing Unit Trusts or if FANZ gives investors three months written notice.

FANZ will send a summary of any amendments to the Trust Deed (or relevant Establishment Deed) to you no later than three months after the date the amendments were made.

The Manager may:-

- alter the minimum investment, withdrawal and account balance requirements;



Investment Statement for the Lifestages Deposit Portfolio

- with the agreement of TEL, alter the dates for the distribution of income (if appropriate);
- vary the expenses provision and, by agreement with TEL, introduce or vary a Trustee or Manager's fee; and
- cease to issue units in any Class of Units in the Lifestages Deposit Portfolio or cease to offer further Units in any Investment Series of Class B Units.

HOW DO I CASH IN MY INVESTMENT?

You can withdraw part or all of your investment at any time for Class A Units by completing the withdrawal form and returning it to a branch of the SBS or TEL. Withdrawals from Class B Units are subject to approval by the manager. The minimum partial withdrawal from both Class A and Class B units are \$500, provided your remaining Unit Holding does not fall below \$5,000 for Class A Units and \$10,000 for Class B Units in value. If a withdrawal would reduce the value of your remaining Unit Holding below these thresholds then all Units must be withdrawn.

Where for any reason the number of Units you hold in a Class or Series exceeds the Maximum Investment specified for you in respect of that Class or Series, the Manager may redeem such number of Units as is necessary to reduce the number of Units you hold that, when added to the Units held by any person associated with you for tax purposes, would reduce your holding below the applicable Maximum Investment level.

You can withdraw part or all of your investment by completing the withdrawal form and returning it to a branch of the SBS or TEL.

Withdrawals will be processed on a daily basis. Portfolios are valued, and the proceeds then credited to your nominated account. You may submit your withdrawal requests at

any stage, however please refer to the "What are the charges?" section for details of any exit fees that may apply in certain circumstances, or restrictions on your rights to have income attributed to your investment if you make a withdrawal. In particular, for Class B Units an exit fee of 1.5% of the total amount withdrawn will generally be charged if you withdraw an amount before the specified maturity date for the relevant Series.

Please refer to the "Tax" section for information about the impact of tax on withdrawals.

There is no secondary market available through FANZ to sell your units but you can transfer ownership of your units to another individual. You should get legal advice before making any assignment or transfer as issues such as gift duties may arise.

TEL and FANZ have the power to wind up the Lifestages Deposit Portfolio. The Lifestages Deposit Portfolio investments will also be wound up upon an extraordinary resolution of unitholders to that effect and upon expiry of the period of 80 years (less 2 days) from the date of its establishment. After liabilities of the Lifestages Deposit Portfolio are paid, you will receive your proportionate share of the remaining assets.

WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

All enquiries can be made direct to any branch of SBS, or by contacting:

The Executive Director
Funds Administration New Zealand
PO Box 13801
Christchurch

Phone 0800 502 442
Facsimile: (03) 963 4915

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

All problems or complaints should be initially directed to:

The Executive Director
Funds Administration New Zealand,
PO Box 13801
Christchurch

In the event of this proving unsatisfactory, the Trustee can be contacted directly at Trustees Executors Limited, Level 5, 10 Customhouse Quay PO Box 3222, Wellington, by calling (04) 495 0999, or by e-mail to corp.trust@trustees.co.nz

There is no ombudsman to whom complaints about the Lifestages Deposit Portfolio can be made.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Prospectus and Financial Statements

Additional information about the Lifestages Deposit Portfolio is contained in the relevant prospectus and the annual report. A copy of the prospectus and the most recent annual report will be available for inspection and/or obtained by contacting any office of SBS and TEL between the hours of 9am and 5pm weekdays. Addresses of all offices are listed on the back cover of this Investment Statement. Copies of the registered prospectus and annual report are free of charge.

Copies of the Lifestages Deposit Portfolio Trust Deed and any amendments can be obtained on payment of a \$5.00 fee, in accordance with the Securities (Fees) Amendment Regulations 1998. Alternatively, the prospectus,



Investment Statement for the Lifestages Deposit Portfolio

financial statements and other documents relating to the Lifestages Deposit Portfolio are filed on a public register at the Companies Office at the Ministry of Economic Development and are available for public inspection for the prescribed fee by telephoning the Companies Office Contact Centre on 0508 266 726, or by searching the Lifestages Deposit Portfolio's file on the Companies Office website, www.companies.govt.nz.

Additional information

You will also receive;

- within 14 days of allotment of your investment, a statement of the units held;
- a 6 monthly statement detailing all investments, portfolio(s) movements and withdrawals over the period. A statement will also be sent out following any ad-hoc transaction to confirm that it has been actioned;
- a copy of the Manager's annual report and financial statements each year.

You can request an estimate of your holding and any information, free of charge, at any time by contacting your investment adviser or by enquiring at your local branch of SBS.

Further information about the New Zealand Deposit Guarantee Scheme 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.

A copy of the most recent audited statement of financial position of the Crown is also available, free of charge and at all reasonable times, at www.treasury.govt.nz.