

LIFESTAGES UNIT TRUSTS

Lifestages Deposit Portfolio

Prospectus Date: 29 September 2011

Disclaimer

Southland Building Society ("SBS Bank") does not guarantee (either partially or fully) the capital value or performance of the security. The principal and returns of the Lifestages Deposit Portfolio are not guaranteed or secured in any way by SBS Bank (or any other member of the SBS Bank group), Funds Administration New Zealand Limited ("FANZ"), Trustees Executors Limited, or any other person. Investments in the Portfolio do not represent deposits or other liabilities of SBS Bank and are subject to investment risk, including the possible delays in repayment and loss of income and principal invested.

A signed copy of this Prospectus and copies of the documents required by section 41 of the Securities Act 1978 (being the Auditor's report, the Auditor's consent to that report appearing in this Prospectus) were delivered to the Registrar of Financial Service Providers on 29 September 2011 ("Registration Date") for registration under section 42 of the Securities Act 1978.

1	WHAT IS THE UNIT TRUST BEING OFFERED?	1
2	WHAT ARE THE BENEFITS OF INVESTING IN THE LIFESTAGES DEPOSIT PORTFOLIO?	1
3	UNIT TRUST TRUSTEE	2
4	MANAGERS, PROMOTERS, AUDITORS, CUSTODIANS, AND ADVISERS	3
5	SUMMARY OF INVESTMENT PORTFOLIO OFFERED	5
6	LIFESTAGES DEPOSIT PORTFOLIO	7
6.1	PROFILE OF THE PORTFOLIO	7
6.2	HOW WILL THE PORTFOLIO BE INVESTED?	7
6.3	PERFORMANCE HISTORY	7
6.4	FEES AND EXPENSES	8
6.5	DISTRIBUTIONS	9
7	APPLICATIONS, SWITCHES AND WITHDRAWALS	10
7.1	APPLYING FOR UNITS	10
7.2	HOW MUCH DO YOU HAVE TO INVEST?	10
7.3	ACCESSING THE PORTFOLIO	11
7.4	SWITCHING	13
7.5	TRANSFER OF UNITS	13
7.6	INCOME DISTRIBUTIONS	13
7.7	DURATION OF PORTFOLIOS AND PROVISIONS FOR WINDING UP	14
8	OTHER PRINCIPAL TERMS OF THE TRUST DEED OF THE PORTFOLIO	14
8.1	FUNCTION OF THE TRUSTEE AND MANAGER	14
8.2	ISSUE PRICES AND UNIT VALUES	19
8.3	VALUATION OF INVESTMENTS	19
8.4	AUTHORISED INVESTMENTS	19
8.5	UNIT HOLDER'S LIABILITY	20
8.6	INTERESTED PERSONS	20
9	OTHER IMPORTANT THINGS TO KNOW	21
9.1	RISK OF YOUR INVESTMENT	21
9.2	TAX	22
9.3	YOUR RIGHTS TO INFORMATION	24
9.4	DISPUTES HANDLING	24

10	INSPECTION AND OBTAINING COPIES OF DOCUMENTS.....	24
11	OTHER MATERIAL MATTERS.....	24
12	MATERIAL CONTRACTS.....	25
13	OTHER TERMS OF OFFER AND UNITS.....	25
14	PENDING PROCEEDINGS.....	25
15	ISSUES EXPENSES.....	25
16	FINANCIAL STATEMENTS AND AUDIT REPORTS.....	25
17	MINIMUM SUBSCRIPTION.....	28
18	GUARANTORS.....	28
19	ACQUISITION OF BUSINESS OR EQUITY SECURITIES.....	28
20	OPTIONS AND UNITS PAID UP OTHERWISE THAN IN CASH.....	28
21	MANAGER'S STATEMENT.....	28
22	TRUSTEE'S STATEMENT.....	30
23	STATUTORY INDEX.....	30

1 WHAT IS THE UNIT TRUST BEING OFFERED?

The investments being offered are Units in the Lifestages Deposit Portfolio ("Portfolio"), a unit trust within the Lifestages Unit Trusts, known as the Lifestages Portfolios, which have been established under the Unit Trusts Act 1960. They are offered under a Consolidated Master Trust Deed dated 21 September 2007 ("Trust Deed") between Funds Administration New Zealand Limited ("FANZ" or the "Manager") as Manager and Trustees Executors Limited as Trustee.

The Lifestages Deposit Portfolio was established in Christchurch on 11 December 2007 and has a duration of 80 years (less two days) from the date it was established unless it is terminated earlier (as described in paragraph 7.7 of this Prospectus). The Portfolio was created by its own Establishment Deed dated 11 December 2007 that forms part of the Trust Deed, and that Establishment Deed was amended on 18 December 2008 (as amended, the "Establishment Deed").

This Prospectus is for the issue of two classes of Units in the Lifestages Deposit Portfolio ("Portfolio"), Class A Units and Class B Units.

The Portfolio is a "pooled" investment. By investing in the Portfolio, you are pooling your funds with other investors. In doing so, you can gain access to a wider range of investment markets than would be possible for most individual investors.

The Portfolio is divided into two classes of Units, Class A and Class B. Class A Units offer an investment opportunity where the investment is generally available to Unit Holders to withdraw at any time, similar to an on-call bank account. Class B Units are offered via a number of different investment series ("Series"), each of which offers a set rate of return and maturity date, varying in term from on call to five years or more from the date of allotment.

The Portfolio has its own Issue Price. The Issue Price is what you pay for your Units in the Portfolio.

As at the Registration Date, the Issue Price will usually be \$1.00. Refer to paragraph 8.2 for an explanation of how the Issue Price is calculated.

The Issue Price may include an Entry Fee which is charged on the issue of the Units. At the Registration Date, no Entry Fee will apply when you apply for an investment. You may be charged an Exit Fee on withdrawal of your investment or if you withdraw to switch from one class to another class of Units in the Portfolio, from one Series to another Series of Units in Class B, or from the Portfolio to another Lifestages Unit Trust. At the Registration Date, no Switching Fee will apply, although there is a withdrawal fee for early withdrawals in respect of Class B units issued on a term basis.

There is no maximum number or amount of Units to be issued in the Portfolio.

2 WHAT ARE THE BENEFITS OF INVESTING IN THE LIFESTAGES DEPOSIT PORTFOLIO?

There are benefits in investing in a pooled or managed portfolio.

- Buying Power** Pooling funds with other investors gives the individual investor greater buying power and access to investments often available only to larger institutional investors.

There are further benefits in investing in the Portfolio:

- Flexibility** You may switch between the Portfolio and any other Lifestages Unit Trust or between

classes and Series within the Portfolio to suit your personal circumstances and goals (although restrictions and fees may apply in relation to any switch out of Class B Series issued on a term basis, and conditions apply to any switches involving the Portfolio - refer to paragraphs 7.3 and 7.4).

- Independent Trustee**
Trustees Executors Limited, an independent trustee, is appointed to ensure that the terms of the Trust Deed and the Establishment Deed relating to the Portfolio are adhered to, and to hold the assets of the Portfolio on behalf of the investors.

3 UNIT TRUST TRUSTEE

Trustees Executors Limited ("Trustees Executors" or "the Trustee") is the trustee of the Portfolio. Trustees Executors was incorporated in New Zealand under the Joint Stock Companies Act 1860 on 6 July 1881 and was re-registered under the Companies Act 1993 on 30 June 1997. Trustees Executors' ultimate holding company is Sterling Grace (NZ) Limited, incorporated in New Zealand on 30 July 2003. Neither Trustees Executors Limited, Sterling Grace (NZ) Limited nor their directors nor any other person guarantees investment in the Portfolio, or any investment return.

The Trustee is independent of the Manager.

The Trustee can be contacted at: Level 5, 10 Customhouse Quay, PO Box 3222, Wellington.

The directors of the Trustee are:

Rt Hon James Brendan Bolger ONZ
Director, Te Kaiti, New Zealand

Deepak Kumar Gupta, BCA, MBA, CFIP
Director, Wellington, New Zealand

Paul Raymond Shelley Hocking, BMS, CA, CSAP
Director, Martinborough, New Zealand

Peter Andrew Metz, CPA, MBA (New York University), BS (Cornell)
Director, New York, United States of America

The directors of the Trustee can be contacted at Trustees Executors, Level 5, 10 Customhouse Quay, PO Box 3222, Wellington.

The address of the Trustee and directors of the Trustee may change from time to time. Unit Holders can obtain the current address and names of the directors of the Trustee at any time by calling the Trustee on (04) 495 0995.

The Trustee is indemnified out of the assets of the Portfolio if the Trustee is held personally liable to any person in respect of any debt, liability or obligation incurred by or on behalf of the Portfolio or for any action taken or omitted in connection with the Portfolio to the full extent of any such liability and the costs of any litigation or other proceedings in which such liability is determined (including, without limitation, legal fees and disbursements). The Trustee is also entitled to be reimbursed for all expenses, costs or liabilities incurred in acting as trustee of the Portfolio. However, the Trustee is not entitled to be indemnified out of the assets of the Portfolio in respect of any liability for breach of trust where it has failed to show the degree of care and diligence required of it in its capacity as trustee.

having regard to the provisions of the Trust Deed and the powers, authorities, or discretions conferred by it.

The Trustee does not guarantee the repayment of Units or the payment of any earnings on the Units.

4 MANAGERS, PROMOTERS, AUDITORS, CUSTODIANS, AND ADVISERS

Manager

Funds Administration New Zealand Limited
PO Box 835
51 Don Street
Invercargill

Funds Administration New Zealand Limited (FANZ), a subsidiary of the Southland Building Society (SBS Bank), a registered bank, was incorporated in New Zealand under the Companies Act 1993 on 10 September 2001.

None of FANZ, SBS Bank, Trustees Executors or their directors guarantee the securities offered in this Prospectus.

FANZ may from time to time establish new unit trusts under its management. As at the Registration Date, in addition to the Portfolio, the only other unit trusts managed by the Manager are the Lifestages Unit Trusts, comprising the Lifestages Mortgage Portfolio (Distributing) established on 1 April 2002, the Lifestages Income Portfolio established on 3 June 2003, the Lifestages World Equity Portfolio established on 3 June 2003, the Lifestages Australasian Equity Portfolio established on 1 October 2004, and the Lifestages World Bond Portfolio established on 1 March 2011.

The directors of FANZ are:

Ross Lindsay Smith of Invercargill

Jeffrey Bernard Walker of Invercargill
Graham David Duston of Christchurch
Derek Richmond Young of Wellington
Gregory John Mulvey of Invercargill

They can be contacted at FANZ, at the address set out above.

The address of FANZ and the directors of FANZ may change from time to time. Unit Holders can obtain the current address and names of the directors of FANZ at any time by calling FANZ on 0800 502 442.

Promoters

Southland Building Society (SBS Bank) and its directors (other than those directors that are also directors of FANZ):

Jeffrey James Grant of Balfour
John Francis Ward of Invercargill
John William Acton Smith of Invercargill
Kathryn Jane Ball of Invercargill
Francis Edwin Spencer of Havelock North

The directors of SBS Bank may change from time to time. Unit Holders can obtain the current names of the directors of SBS Bank at any time by calling FANZ on 0800 502 442.

Auditors

KPMG
10 Customhouse Quay
Wellington

Solicitors

Kensington Swan
89 The Terrace
Wellington

Custodian

T.E.A. Custodians Limited
Level 5, 10 Customhouse Quay
P O Box 10519
Wellington

Administration Manager

The Manager, FANZ, has delegated certain administration functions (described in paragraph 8.6 of this Prospectus) to Trustees Executors.

Registrar

Trustees Executors Limited
Level 5, 10 Customhouse Quay
P O Box 10519
Wellington

The Trustee and its custodian (T.E.A. Custodians Limited) are independent of the Manager, and the Promoters. The Trustee and its custodian are not independent of the Administration Manager because Trustees Executors is also the Administration Manager of the Portfolio.

Neither the Manager, Promoters, Administration Manager, or any director of the Manager, Promoter or Administration Manager have been adjudicated bankrupt or insolvent, convicted of any crime involving dishonesty, prohibited from acting as a director of a company, or placed in statutory management, voluntary administration, liquidation or receivership in the five years preceding the Registration Date.

No experts are named in this Prospectus.

5 SUMMARY OF INVESTMENT PORTFOLIO OFFERED

The table below provides a summary only of the main features of the Portfolio offered in this Prospectus. Please read this in conjunction with the entire Prospectus.

Portfolio Name	Lifestages Deposit Portfolio – Class A Units	Lifestages Deposit Portfolio – Class B Units
Investment Strategy	To construct a portfolio of one or more securities that will deliver returns in line with the Official Cash Rate, through investing in on-call and term unsecured deposits (including redeemable shares) issued by SBS Bank.	To construct a portfolio of one or more securities that will deliver returns in line with term deposits of different maturities (for term units) and in line with the Official Cash Rate (for on-call units), in each case through investing in on-call and term unsecured deposits (including redeemable shares) issued by SBS Bank.
Recommended Minimum Investment Term	90 days or more	Not applicable
Minimum Investments¹		
Initial lump sum investment	\$5,000	Term \$10,000
Additional investments	\$500	On-Call \$10,000
Minimum Monthly Contribution	\$100 per month	Not applicable \$500 \$100 per month
Maximum Investments²	20% of Class A Units per Unit Holder, 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 that can be invested = \$1m
Fees and Charges³		
Entry Fee	Nil	Nil
Management Fee	Nil	Nil
Trustee Fee	Nil	Nil
Switching Fee ⁴	Nil	Nil

¹ These minimums may be changed from time to time at the discretion of the Manager.

² The maximums may be changed from time to time at the discretion of the Manager, and may be waived on a case by case basis at the Manager's discretion. Where a Unit Holder's investment in a Series (including Units held by any associated person of that Unit Holder) exceeds the maximum investment for that Series the Manager may redeem such number of Units as is necessary to reduce the Unit Holder's investment below the applicable maximum investment.

³ These fees are current as at the Registration Date. They may change from time to time on 30 days' prior notice to Unit Holders, subject to any limits set out in the Trust Deed.

⁴ Currently, The Trust Deed provides for the Manager to set a Switching Fee. The Trust Deed does not provide for a maximum Switching Fee.

Portfolio Name	Lifestages Deposit Portfolio – Class A Units	Lifestages Deposit Portfolio – Class B Units
Exit Fee ⁵	Nil	1.5% of the amount withdrawn if you withdraw an amount not invested on an on-call basis prior to the specified maturity date for the Series in which you invest. However the Manager may issue Units in a Series on terms such that if you withdraw Units within one month, no income will be credited in respect of those Units in which case no exit fee would be charged. The Manager reserves the right to waive or reduce any exit fee that would otherwise apply in respect of any withdrawal of Units.

⁵ Currently. The Trust Deed provides for a maximum Exit Fee of 5% of the amount withdrawn.

6 LIFESTAGES DEPOSIT PORTFOLIO

6.1 Profile of the Portfolio

Investment objectives

To construct a portfolio of one or more securities that will deliver returns in line with the Official Cash Rate for Class A Units and on-call Class B Units and returns in line with term deposits of different maturities for term Class B Units.

Investment Strategy

The current strategy is to focus on providing steady returns.

FANZ may change the investment objectives and strategies from time to time with the approval of the Trustee. Unit Holders will be given at least 30 days' notice prior to any material change. As at the Registration Date, it is not FANZ's intention to make any further changes to the Portfolio's investment objectives and strategies during the expected currency of this Prospectus.

Who does the Lifestages Deposit Portfolio suit?

Investors who:

- want a low risk-return balance; and
- have an investment horizon of at least three months.

6.2 How will the Portfolio be invested?

The Portfolio invests solely in on-call and term unsecured deposits (including redeemable shares) issued by SBS Bank.

6.3 Performance history

The investment performance of the Class A Units in the Portfolio since the Portfolio commenced business on 3 March 2008 is as follows:

Year ended	Return (p.a)
31 March 2011	3.48%
31 March 2010	3.202%
31 March 2009	7.004%
31 March 2008	8.00% (annualised)*

* The performance figure for the year ended 31 March 2008 is based on the period following the commencement of business on 3 March 2008.

The investment performance of the Class B Units in the Portfolio since the issue of Class B Units commenced on 11 November 2009 is as follows:

Year ended	Return (p.a)
31 March 2011	5.07%
31 March 2010	5.00% (annualised)*

* The performance figure for the year ended 31 March 2010 is based on the period following the commencement of the issue of Class B Units on 11 November 2009.

All returns are shown gross of tax and fees and represent the returns of the Portfolio's investments in the ordinary course of its investment mandate. For Class B, the returns reflect the weighted average returns across all series of Class B Units, rather than the returns applicable to any specific series.

Please note that past performance is not an indicator of future performance.

Since the Portfolio was established the Manager has invested the assets of the Portfolio in accordance with the investment strategy of the Portfolio and the terms of the Trust Deed.

SBS Bank and its directors became promoters of the Portfolio on 29 September 2010.

Prior to 1 July 2011, the investment objectives and strategies of the Portfolio were to construct a portfolio of cash, debt, and debt-like investments that would deliver returns in line with the Official Cash Rate for Class A Units and on-call Class B Units, and returns in line with term deposits of different maturities for term Class B Units. From 1 July 2011, the investment objectives of the Portfolio were amended to that outlined in section 6.1 of this prospectus.

During the period from 10 February 2009 to 12 October 2010 the Trustee was a Nominated Beneficiary in respect of the Lifestages Deposit Portfolio under the former New Zealand retail deposit guarantee scheme. That guarantee scheme expired on 12 October 2010.

There have been no other material developments relating to the Portfolio since its establishment other than the amendment to the Establishment Deed (as outlined in paragraph 8.1 of this Prospectus under the heading 'Amendments to the Trust Deed and Establishment Deed').

6.4 Fees and Expenses

Fees

Entry Fee

There is currently no Entry Fee charged. The Trust Deed provides that the Manager can charge an Entry Fee of up to 5% of the Unit Value and alter that fee from time to time.

Switching Fee

There is currently no Switching Fee charged. The Trust Deed provides that the Manager can charge a Switching Fee and alter such fee from time to time. The Trust Deed does not stipulate a maximum Switching Fee.

Exit Fee

The Trust Deed provides that the Manager may charge an Exit Fee of up to 5% of the amount withdrawn and alter that fee from time to time. However, an Exit Fee of 1.5% is currently only charged in respect of Class B Units, where you withdraw an amount invested on a term basis prior to the specified maturity date for the Series in which you invest. No exit fee is currently charged in respect of Class A Units or Class B Units issued on an on-call basis.

However, the Manager may issue Units in a Series on terms such that if you withdraw Units within one month, no income will be credited in respect of those Units in which case no Exit Fee would usually be charged. The Manager reserves the right to waive or reduce any Exit Fee that would otherwise apply in respect of any withdrawal of Units.

Management Fee

As at the Registration Date, the Manager is responsible for paying any fees to the Trustee, Investment Manager and the Administration Manager, and any other costs and expenses associated with the administration and compliance of the Portfolio for its services as Manager. 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 Portfolio. You will be given 30 days notice if any charges are to be imposed in the future, and such charges cannot be imposed in relation to Units that have already been issued in a Class B Series at the time of notification, other than Class B Units issued on an on-call basis. 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 Portfolio. However, under the Trust Deed, the Trustee is entitled to receive and retain for its own use and benefit out of the 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.

If FANZ is removed as Manager of the Portfolio by Extraordinary Resolution of the Unit Holders (otherwise than for negligent or wilful failure to perform its duties and obligations under the Trust Deed) it is entitled to an amount equal to the total fees it has received pursuant to the Establishment Deed for that relevant Portfolio during the 24 months preceding the date of such removal. This compensation is paid from the Portfolio.

Expenses

As at the Registration Date, the Trustee and Manager do not intend seeking reimbursement from the Portfolio for any expenses or liabilities incurred in relation to the Portfolio. However, each of the Trustee and the Manager is entitled to be reimbursed out of the Portfolio for all expenses, costs or liabilities incurred by them acting as Trustee (and in the case of its appointment to perform certain administrative services, expenses, costs and liabilities in respect of those services), Manager respectively, other than costs reimbursed from other sources. Where applicable, these reimbursements will be normally reflected in the Issue Price and the Unit Value of the Units in the Portfolio, or taken into account, or deducted when allocating earnings, and different rules may apply from time to time in relation to the reimbursements policy in force in respect

of each Class or Series. Where they have not been included in the calculation of the Issue Price or the Unit Value, your share of the fees and expenses, where applicable, will generally be deducted from the balance of your investment by way of cancellation of Units.

There is no limit to the amount of these expenses.

As at the Registration Date, SBS Bank has agreed to reimburse the Manager for certain expenses incurred in administering the Portfolio.

In addition, financial institutions that the Manager places the investments of the Portfolio with may, from time to time, pay a placement fee to the Manager in relation to those placements. This fee is paid directly from each financial institution to the Manager for the benefit of the Manager and is not deducted from the Portfolio or any of its investments.

These arrangements are subject to change at any time.

6.5 Distributions

The Portfolio currently distributes income in respect of Class A Units by way of issuing additional Class A Units on a quarterly basis (see paragraph 7.6 for more details). Investors in Class A Units have a regular withdrawal option whereby they can request a regular monthly withdrawal from the Portfolio subject to a minimum monthly payment of \$100. Monthly payments are calculated on the Unit Value Determination Day immediately preceding the 15th of every month. The Manager may cancel or vary the terms of this regular withdrawal option on 30 days written notice to Unit Holders.

The Portfolio currently distributes income in respect of Class B Units issued on an on-call basis by way of issuing additional Class B Units on a quarterly basis. Income in respect of Class B Units issued on a term basis is currently distributed upon

maturity of the relevant Class B Units. See paragraph 7.6 for more details.

7 APPLICATIONS, SWITCHES AND WITHDRAWALS

7.1 Applying for Units

You need to complete an Application Form that can be found in the current Investment Statement. Each Application must be signed and lodged together with payment in full. You may also be required to provide reasonable evidence of your identity. The law requires verification of your identity before your application is processed. You can invest in the Portfolio on your own, with another person, in trust for any person, or as a company.

The Manager has the discretion to refuse any application for Units in any class or Series and is not required to give any reason or ground for rejection. If it rejects an Application, the Manager will promptly refund any money. Interest will not generally be paid on application moneys refunded, although the Manager retains a discretion to pay interest if it considers it appropriate. Money received or held in respect of an Application is not part of the Portfolio unless and until, and then only to the extent that, the Application is accepted. Units are deemed to be issued or sold to the Applicant on the date on which the Manager accepts the Application.

Once your application has been accepted, you will receive confirmation of the details of your investment, including the number of Units in the relevant class or Series allocated to you.

With the prior consent of the Manager, and subject to meeting any prescribed minimum amounts, an Application may be designated as a Standing Application. In such a case, you need to make arrangements for the Manager to receive the appropriate Application money on the date of each recurring Application.

Income of the Portfolio for Class A Units and Class B Units issued on an on-call basis is distributed quarterly by way of allocation of additional Class A Units or Class B Units (as applicable) in the name of the Unit Holder, unless the Manager determines to make a payment of income to the Unit Holder. As at the Registration Date, the Portfolio does not make distributions of income for Class A Units or Class B Units issued on an on-call basis by way of payment of cash to Unit Holders, except on withdrawal. The Manager's policy in this respect may change in the future.

Income of the Portfolio for Class B Units issued on a term basis is distributed upon maturity of the relevant Class B Units.

Refer to paragraph 7.6 for more information on income distributions.

7.2 How much do you have to Invest?

Minimum Initial Investment

As at the Registration Date, the minimum initial investment in Class A Units in the Portfolio is \$5,000. As at the Registration Date, the minimum initial investment in Class B Units in the Portfolio is \$10,000. These amounts may change in the future.

Additional Investment

As at the Registration Date, the minimum additional investment for Class A Units in the Portfolio is \$500. This amount may change in the future.

Additional investments in Class B Units issued on a term basis will be regarded as a new investment and will be subject to the minimum initial investment amount outlined above. As at the Registration Date, the minimum additional investments for Class

B Units issued on an on-call basis is \$500. This amount may change in the future.

Regular Contributions

As at the Registration Date, the minimum monthly contribution for Class A Units and Class B Units issued on an on-call basis is \$100. This amount may change in the future.

Each regular investment in Class B Units issued on a term basis would be regarded as a new investment and would be subject to the minimum initial investment amount outlined above.

Maximum Investment

The maximum investment any Unit Holder may hold in Class A Units is 20% of the Units on issue in Class A at any time or \$1m, whichever is the lesser amount. The maximum investment level for Class B is as follows:

- Series size less than \$2.5m – maximum that can be invested is \$250,000;
- Series size \$2.5m-\$5m – maximum that can be invested is \$500,000;
- Series size \$5m or more – maximum that can be invested is \$1m.

The Manager determines the Maximum Investment for each Series which may alter from time to time, and may be specified in respect of a particular Unit Holder or Unit Holders or in respect of Unit Holders generally. The Manager will not accept an application for Units in a Series which will result in the Unit Holder holding in excess of the Maximum Investment for that particular Series. Where a Unit Holder's investment in a Class or Series would, for any reason, exceed the Maximum Investment for the Unit Holder in that Class or Series, the Manager may redeem such portion of the Unit Holder's Units as is necessary to

reduce the holding below the applicable Maximum Investment level. When calculating the number of Units held by a Unit Holder for the purpose of determining compliance with Maximum Investment levels, Units held by persons associated with the Unit Holder for tax purposes are treated as if held by the Unit Holder in question.

7.3 Accessing the Portfolio

To withdraw your investment, you need to send a notice to the Registrar: Trustees Executors, PO Box 409, Wellington. Further details may be obtained by calling your local building society.

Withdrawals must be for at least 100 Units and must not reduce the value of your remaining Class A Units below \$5,000 or the value of your remaining Class B Units below \$10,000, unless all Units in the relevant Class are withdrawn.

The Manager may refuse a withdrawal request in respect of Class B Units issued on a term basis if the relevant Series has not reached its specified maturity date and the Manager reasonably determines that giving effect to the withdrawal request may impact on the Portfolio's status as a PIE.

The Manager is required to make payment within 25 working days after receipt of a withdrawal form. The present aim is to make payment within 10 working days.

If Units in the relevant class or Series are withdrawn, the holder of those Units is paid the Withdrawal Amount per unit calculated by dividing the "Withdrawal Value" of the relevant class or Series by the number of Units in the relevant class or Series and rounding down to the nearest cent. Where all of a Unit Holder's Units in a class or Series are withdrawn, the Manager will first make a determination of Distributable Income in relation to the Units being withdrawn, and pay the amount of Distributable Income so determined (if any) to the Unit Holder together with the Withdrawal Amount. Readers should refer to the Trust Deed

for the definition of "Withdrawal Value", and the Establishment Deed for the Portfolio for the calculation of "Market Value". Generally, the Withdrawal Value for the Portfolio at any time is the market value (excluding accrued income) of all the authorised investments of the Portfolio at that time less the liabilities of the Portfolio, accrued expenses and all direct transaction costs which would be charged if all of the Units in the Portfolio were sold at that time. The valuation of the Portfolio may also include losses (which may include deferred tax losses or "tax assets") which the Manager reasonably expects over time will be recoverable by the Portfolio. The Manager's current policy is not to recognise tax assets in the calculation of the Withdrawal Value. The value attributed to tax assets for Unit pricing may change from time to time. Details of the current treatment are available from the Manager on request.

The Withdrawal Value is calculated as at the Unit Value Determination Day immediately preceding the working day on which the Withdrawal Notice is received. The "Unit Value Determination Day" in relation to any Portfolio is a specific time in a day determined by the Manager one week from the previous Unit Value Determination Day (or such other period from the previous Unit Value Determination Day as the Manager may determine with the approval of the Trustee). However, if that day is not a working day, then it is the next working day.

Upon acceptance of a withdrawal request (or in respect of any monthly withdrawal under the regular withdrawal option) or on the applicable maturity date in respect of Class B Units issued on a term basis the Manager will redeem the Units in the relevant class or Series.

Investments in a Series under the Class B Units issued on a term basis will mature on a date set when the Units are issued. For each Series, other than any issued on an on-call basis, the rate of return offered at the time of investment will apply until the relevant maturity date. The Manager may cease offering any

Series at any time without notice, and does not guarantee that any Series will be available at any point in time.

On the maturity of a Series, the investment will be repaid to the investor, together with accrued net income, if a repayment direction has been received from the investor. Otherwise, the investment will be reinvested into a new Series offered for Class B Units in accordance with the investor's reinvestment direction or, in the absence of a reinvestment direction, will be reinvested in Class A Units or in Class B units issued on an on-call basis at the Manager's option.

See the commentary in paragraph 9.2 of this Prospectus under the heading 'Tax' for information on the tax consequences of making a withdrawal.

Suspension of Withdrawals

If by reason of:

- the suspension of trading on any stock exchange;
- the financial, political or economic conditions applying in any financial market;
- the nature of any authorised investment;
- total investments in the Portfolio becoming less than the Minimum Holding (currently \$50,000);
- the occurrence of existence of any other circumstance or event;
- the occurrence of an event terminating the Portfolio; and/or
- the receipt of a withdrawal notice which relates to a number of Units or dollar value of Units representing 10% or more of the Withdrawal Value of the Portfolio;

it would be materially prejudicial to the interests of any Unit Holders for Units to be redeemed, the Manager may suspend the rights of all Unit Holders to withdraw from the relevant class or Series by giving a "Withdrawal Suspension Notice" to all Unit

Holders in the Portfolio. The Manager must, unless the Trustee otherwise agrees, give notice of cancellation of a Withdrawal Suspension Notice not later than 3 months after the date on which that Withdrawal Suspension Notice was given. The Trustee will not unreasonably withhold its consent to an extension of the operation of a Withdrawal Suspension Notice beyond that period of 3 months. There is no limit on the extension of time that the Trustee may consent to.

7.4 Switching

You may apply to transfer all or part of your investment in a particular class or Series to another class or Series or Lifestages Unit Trust by giving written notice to the Manager, subject to any Withdrawal Suspension Notice that may be in force. Switches can be requested by completing the switching request form and returning it to the Manager.

According to the Trust Deed, switching is a withdrawal and reapplication, and the provisions of the Trust Deed relating to these matters regulate the Manager's conduct in relation to switching. See paragraph 6.4 for withdrawal fees that may apply in relation to withdrawals of Class B Units issued on a term basis prior to their specified maturity date, and paragraph 7.3 for general restrictions on withdrawals that may apply.

When you make a switch, the value of the Units withdrawn is determined in the same manner as if a Withdrawal Notice had been given in respect of them. New Units in the relevant class or Series or Lifestages Unit Trust to which you wish to switch will then be issued to you at the Issue Price for those relevant Units. The Trust Deed provides that the Manager can charge a Switching Fee and alter such fee from time to time. However, at the Registration Date, there are no Switching Fees.

As at the Registration Date, switches for Units from this Portfolio to another Lifestages Unit Trusts portfolio must be for Units valuing at least \$500 in aggregate, and must not reduce the

value of your holdings in Class A Units below \$5,000 or the value of your holdings in Class B Units below \$10,000. If this occurs, all such Units in the particular class must be switched.

The Manager may decline to register any transfer if it is for less than 5,000 Units for Class A or 10,000 Units for Class B and/or the transfer would result in the transferor or transferee having less than 5,000 Units for Class A or 10,000 Units for Class B.

See the commentary in paragraph 9.2 of this Prospectus under the heading 'Tax' for information on the tax consequences of switching.

7.5 Transfer of Units

Units in the Portfolio may be transferred to another party. The instrument of transfer must be in a form approved by the Manager and must be signed by both the transferor and transferee.

You should get legal advice before making any assignment or transfer (eg. as gift duties could arise).

The Manager may suspend the registration of transfers for up to 30 working days in any calendar year.

See the commentary in paragraph 9.2 of this Prospectus under the heading 'Tax' for information on the tax consequences of transferring Units.

7.6 Income Distributions

The annual balance date for the Portfolio is 31 March every year. Where the Manager makes a distribution, the policy is to pay a net distribution from the Portfolio. All income distributions from the Portfolio are at the discretion of the Manager, and the amount and frequency of distributions is at the Manager's discretion.

As at the Registration Date, distributions of income for Class A Units and Class B Units issued on an on-call basis are generally made quarterly by way of allocating additional Units of the relevant class, or by payment in cash on a withdrawal, unless the Manager determines to pay a distribution in cash.

For Class B Units issued on a term basis distributions of income relating to a particular Series will be made upon maturity of the Units in that Series.

Tax on income of the Portfolio is paid at the end of the financial year or upon withdrawal of the relevant Units.

In the case of a particular class and Series (as each Series offers a different rate of return and maturity date) the distribution policy and frequency of distributions are set and may be varied at the discretion of the Manager with the agreement of the Trustee.

7.7 Duration of Portfolios and Provisions for Winding up

The Portfolio commenced on 11 December 2007 and terminates on the earliest of the following events:

- if the Manager gives not less than 3 months' written notice of termination to Unit Holders and the Trustee;
- if an Extraordinary Resolution of the Unit Holders of the Portfolio resolves to wind up;
- if the Minimum Holding (currently \$50,000) has ceased to be maintained and the Manager determines to wind up the Portfolio;
- the expiration of 80 years less 2 days from its commencement date.

Upon the occurrence of an event referred to in the above paragraph, the Trustee is obliged to:

- notify the Unit Holders of the Portfolio;
- sell the assets of the Portfolio;
- pay (or otherwise make provision for) the Liabilities of the Portfolio; and
- distribute the balance after payment of costs and expenses incurred by the Trustee or the Manager in respect of the winding up amongst the Unit Holders of the Portfolio in proportion to the number of Units held by each of them.

8 OTHER PRINCIPAL TERMS OF THE TRUST DEED OF THE PORTFOLIO

The information provided in this Prospectus is only a general summary of the Trust Deed and Establishment Deed. Readers are referred to the Trust Deed and Establishment Deed for the complete terms of the Portfolio. Words not separately defined in this Prospectus but commencing with capital letters are defined in the Trust Deed and Establishment Deed.

8.1 Function of the Trustee and Manager

Trustees Executors acts as trustee for the Portfolio described in this Prospectus. The assets of the Portfolio are held in trust by the Trustee and managed and administered in accordance with the provisions of the Trust Deed and the Establishment Deed.

The Trustee was appointed under the Trust Deed. The Trustee may retire from its responsibilities on giving not less than 3 months' notice to the Manager, subject to the appointment of a new trustee and the transfer to the new trustee of the investments and other property of the Portfolio. The Trustee may be removed from office by the High Court on the application of the Manager or the Minister of Justice. The power of appointing a new trustee is vested in the Manager. However, if the Manager does not appoint a new trustee, Unit Holders may do so by an Extraordinary Resolution.

Subject to the terms of the Trust Deed, the Trustee has all powers over and in respect of the Investments of the Portfolio which it could exercise if it were the absolute and beneficial owner of such investments. The Trustee and the Manager, in incurring any debts, liabilities or obligations, or in taking or omitting any other action for or in connection with the affairs of the Portfolio in accordance with the Trust Deed, are deemed to be acting for and on behalf of the Unit Holders of the Portfolio and not in their own respective personal capacities.

Trustee's functions

The functions of the Trustee include to:

- (a) monitor compliance by the Manager with the provisions of the Trust Deed;
- (b) hold the assets of the Portfolio in trust for the Unit Holders and to act in the interests of the Unit Holders;
- (c) maintain bank accounts in the name of the Trustee and to determine who is authorised to operate the bank accounts; and
- (d) appoint the Chairperson at meetings of the Unit Holders.

From 1 October 2011, clauses with the following effect will be deemed to be included in the Trust Deed:

- (a) The Trustee must exercise reasonable diligence to ascertain whether or not any breach of the terms of the Trust Deed or of the terms of the offer of units in the Portfolios has occurred.
- (b) The Trustee must do all the things that it is empowered to do to cause any breach of the terms referred to in subparagraph (a) to be remedied (except if it is satisfied that the breach will not materially prejudice the interests of Unit Holders).

Manager's functions

The functions of the Manager include to:

- (a) process applications for Units;
- (b) process Withdrawal Notices received from Unit Holders and (subject to the terms of the Trust Deed) redeem or repurchase Units subject to the Withdrawal Notices;
- (c) make decisions in relation to the Investments of the Portfolio;
- (d) process transfers of Units;
- (e) make decisions in relation to borrowing and the security of any borrowing (subject to Trustee approval);
- (f) together with the Trustee, and having regard to their separate functions and obligations, keep or cause to be kept true and proper accounts in respect of the Portfolio; and
- (g) keep minutes at meetings of the Unit Holders in each case in accordance with the terms and conditions of the Trust Deed and the Unit Trusts Act 1960.

The Manager may delegate any of its duties and powers under the Trust Deed to any third party, subject to the Manager remaining liable for the acts and omissions of the delegatee. The Manager has delegated certain administrative functions to Trustees Executors. The Manager must notify the Trustee of any delegation. The Manager has the power to appoint and remove investment and administration managers to the Portfolio, actuaries, solicitors and other professional advisers.

In addition to the fees and expenses referred to in the Portfolio profile in paragraph 6.4, the Trustee and Manager shall not be liable and each of them shall be indemnified for liabilities and expenses incurred in respect of managing the Portfolio. However, the Trustee and Manager are not entitled to be indemnified out of the assets of the Portfolio in respect of any liability for breach of trust where they have failed to show the degree of care and diligence required of them in their capacity as trustee or manager (as the case may be), having regard to the

provisions of the Trust Deed and the powers, authorities, or discretions conferred by it.

The Manager may retire at any time upon giving not less than 3 months' notice to the Trustee. The Manager's retirement will not take effect until a new manager has been appointed. The power of appointing a new manager is exercised by the Trustee in accordance with Unit Holders' directions.

The Manager will cease to hold office if a receiver is appointed in respect of it or an order is made for its liquidation. The Manager may be removed from office:

- (a) by the High Court on the application of the Trustee, any Unit Holder or the Minister of Justice; or
- (b) by the Trustee certifying that it is in the Unit Holders' interests; or
- (c) by an Extraordinary Resolution of Unit Holders.

If FANZ is removed as Manager of the Portfolio (otherwise than for negligent or wilful failure to perform its duties and obligations under the Trust Deed) it is entitled to an amount equal to the total fees it has received pursuant to the Establishment Deed for the Portfolio during the 24 months preceding the date of such removal. This compensation is paid from the Portfolio.

Borrowing Powers

The Manager has the power for the purposes of the Portfolio to borrow or raise moneys from any person (including a Unit Holder) by way of fixed loan, bank overdraft or other running, continuing or fluctuating current account or by any other form of credit facility or accommodation and to sell, discount or otherwise pledge the Authorised Investments or any of them as security, for the purposes of acquiring further Authorised Investments or for providing funds for the redemption of Units or the distribution of income so long as:

- (a) the total principal amount borrowed or raised by the Manager (whether secured or unsecured) does not exceed 25% of the Gross Asset Value of the Portfolio and is otherwise within the parameters set out in the investment guidelines and policy agreed by the Manager and the Trustee in accordance with the Trust Deed and the Establishment Deed; and
- (b) the Manager in good faith has determined that the borrowing is necessary or desirable in the general interests of Unit Holders investing in the Portfolio or for the purposes of conducting any Investment or management or other operation of the Portfolio including the repayment or redemption of any Units from time to time.

Units

The Portfolio is a unit trust established for the principal purpose of providing investment benefits to investors.

The beneficial interest in the Portfolio is divided into Units, each of which is allocated and designated as a Unit in a particular class or Series of Units in the Portfolio. Collectively, the Unit Holders in the Portfolio beneficially own the Portfolio. A Unit confers an equal interest in the Portfolio but does not confer any interest in any particular part of the Portfolio. However, for tax purposes redemption proceeds may be characterised as between Unit Holders as being from different reserves within the Portfolio. No person is entitled to require the transfer to itself of any particular part of the Portfolio. Subject to the rights of Unit Holders under the Trust Deed or at law, no person is entitled to interfere with or question the exercise or non-exercise by the Manager or the Trustee of any of the powers, authorities or discretions conferred upon them or either of them by the Trust Deed or in respect of the Portfolio (whether in whole or in part).

Except where expressly provided in the Trust Deed to the contrary or where the context does not permit, all benefits and provisions (including but not limited to those benefits and provisions which are expressed to be for the benefit of, and to

bind, the Unit Holders) contained in the Trust Deed are for the benefit of, and bind, each Unit Holder.

Amendments to the Trust Deed and Establishment Deed

The Trustee and the Manager may at any time make any alteration, modification, variation or addition to the provisions of the Trust Deed or Establishment Deed in any of the following cases:

- (a) if in the opinion of the Trustee the same is made to correct a manifest error or is of a formal or technical nature; or
- (b) if in the opinion of the Trustee the same is necessary or desirable for the more convenient economical or advantageous working, management or administration of the Portfolio or for safeguarding or enhancing the interest of Unit Holders; or
- (c) if the same is considered by the Trustee not to be or likely to become prejudicial to the interest of the Unit Holders of the Portfolio; or
- (d) if the same materially affects only the Unit Holders of the Portfolio or other Lifestages Portfolios which have authorised the same by an Extraordinary Resolution, or separate Extraordinary Resolutions, of the Portfolio or those other Trusts; or
- (e) if the same is authorised by separate Extraordinary Resolutions of the Unit Holders of each Lifestages Portfolio; or
- (f) if the same is necessary or desirable to reflect any changes to the law governing unit trusts, including the duties and powers of trustees and managers of unit trusts; or
- (g) if the Manager gives three month's written notice of that amendment to Unit Holders in the Portfolio.

In the case of the Portfolio covered by this Prospectus, the Manager will send a summary of any amendments to the relevant Trust Deed to Unit Holders no later than 3 months after the date the amendments are made.

The Establishment Deed was amended with effect from 18 December 2008 to:

- (a) allow the Manager to issue multiple classes of Units, initially with Units issued without any set maturity date being Class A Units, and Units issued with a set maturity date being Class B Units;
- (b) enable the Trustee on behalf of the Portfolio to enter into a Deed of Nomination in relation to the Crown retail deposit guarantee scheme, and in order to do so to (amongst other things) limit the new investments of the Portfolio to meet the requirements of that scheme;
- (c) expressly confirm that the management fee is payable on such basis as the Manager and the Trustee agree from time to time;
- (d) set the total Minimum Holding for the Portfolio at \$50,000 or such other minimum value as the Manager may from time to time determine;
- (e) set the minimum number of Units that a Unit Holder must hold in each class or series at 5,000 Units or such other amount as determined by the Manager from time to time;
- (f) reduce the minimum initial investment amount to \$5,000 for each Class or Series or such other amount as determined by the Manager from time to time and allow the Manager to impose a minimum amount for regular investments in respect of each Class or Series;
- (g) allow the Manager to impose a Maximum Holding of a particular Class or Series in certain circumstances; and
- (h) increase the exit fee to 1.5% of the amount withdrawn, or such other amount specified by the Manager from time to time.

The amendments made to the Portfolio do not apply to Units issued prior to the date of the amendment.

Payments

Redemption payments may be made directly into a nominated banking account. Neither the Manager nor the Registrar has any further responsibility or liability in respect of a payment made in accordance with instructions given for such payment.

Where Units are held jointly, payment will be made to the person who is, or acts for, the more or most senior of the joint Unit Holders and seniority will be accorded to the Unit Holder first named in the Register. The Manager may require proof of seniority or of any other matter and may rely and act upon such proof.

Before making any payment (or issuing or selling any Units), the Manager may require evidence satisfactory to it that the person to whom it proposes to make a payment (or issue or sale) is the person entitled to it.

Auditor

The Trustee with the approval of the Manager appoints the Auditor of the Portfolio. The Auditor may retire upon giving not less than 3 months' notice to the Trustee and the Manager or may be removed from office by the Trustee or Manager. The remuneration of the Auditor is agreed by the Manager and the Trustee and is chargeable to the Portfolio.

Register

The Manager is responsible for keeping a register of Unit Holders in accordance with the provisions of the Trust Deed. The Manager has delegated the keeping of the register in relation to the Portfolio to Trustees Executors.

The Register is the official record of Unit Holders' entitlements.

A Unit Holder should notify the Manager in writing of any change of name or address and the Manager will alter the Register or arrange for the Register to be altered accordingly. The Registrar

need only make reasonable efforts to trace a Unit Holder once the Registrar receives notice that the recorded address is incorrect.

Records may be destroyed seven years after they have been deemed to be obsolete by the Manager.

Neither the Manager nor the Trustee is bound to see to the performance of any trust (express, implied or constructive) or of any charge, pledge or equity to which any of the Units or any interest in the Units are, or may be, subject, or to recognise any person as having any interest in any Unit except for the person recorded in the Register as the Unit Holder. Accordingly, no notice of any trust, charge, pledge or equity may be entered upon the Register.

Meeting of Unit Holders

In accordance with the provisions of the Trust Deed, the Manager must upon request in writing of:

- (a) the Trustee; or
- (b) one tenth in number of all Unit Holders of the Portfolio at the date of the request; or
- (c) a Unit Holder or Unit Holders holding not less than one tenth in number of the total number of all Units held in the Portfolio at the date of the request,

summon a meeting of Unit Holders by notice in writing addressed to every Unit Holder at his/her address shown in the Register, specifying the time and place and giving not less than 14 days' notice of the meeting.

The Manager or the Trustee may at any time convene a meeting of the Unit Holders of the Portfolio. An Extraordinary Resolution passed at a meeting of Unit Holders duly convened and held shall be binding upon all Unit Holders and the Manager and the Trustee.

8.2 Issue Prices and Unit Values

Each Unit of the Portfolio is valued at an Issue Price determined by the Manager:

- by calculating the Unit Value on the Unit Value Determination Day immediately before the working day on which the investment application is received by the Manager; and
- adding to that amount any Entry Fee or Switching Fee (as applicable).

The "Unit Value" in relation to the Portfolio is the Withdrawal Value of the Portfolio divided by the number of Units in the Portfolio on the particular Unit Value Determination Day, and will usually be set at \$1.00.

The "Withdrawal Value" in relation to the Portfolio is the Gross Asset Value of the Portfolio less:

- the Liabilities of the Portfolio; and
- such sum as would have been incurred for brokerage, commission, stamp duty, transfer fees, legal fees and any other usual indirect costs as if all of the Investments of the Portfolio had been sold or disposed of on that Unit Value Determination Day.

The "Gross Asset Value" of the Portfolio is such value as is ascertained by the Manager as being the current market value (excluding any accrued income) of all of the Investments of the Portfolio.

8.3 Valuation of Investments

Investments held by the Portfolio traded on a recognised market are valued by the Manager on the basis of the price quoted for the last sale of those investments or the value determined by the Manager or a qualified adviser. Investments which are not traded

on a recognised market are valued in a manner agreed upon between the Manager and the Trustee, or failing such agreement, at the value determined by a qualified adviser. Qualified advisers are approved by the Trustee and may be an employee of the Trustee or the Manager. Any investment in a unit trust, mutual fund, flexible capital company, group investment fund or any other similar undertaking will be valued at the price specified in respect of that undertaking.

The Portfolio is currently valued on a weekly basis. Where the values of the Investments fluctuate, so too can the value of Units in the Portfolio holding those Investments fluctuate. Thus, where the market value of the Investments comprising the Portfolio fluctuates, the value of a Unit will increase or decrease as a result of that fluctuation. Given the nature of the Investments of the Portfolio as at the Registration Date and the calculation formula for "Market Value", it is not currently anticipated that the Market Value of the Units in the Portfolio will fluctuate.

8.4 Authorised Investments

Under the Trust Deed, the Manager may invest any available funds in the "Authorised Investments" of the Portfolio in accordance with the investment policy and guidelines agreed by the Manager and the Trustee from time to time. However, the Trustee is not obliged to acquire or dispose of any Investment if, in the Trustee's opinion, the proposed acquisition or disposal is manifestly not in the interests of the Unit Holders. Under the terms of the Trust Deed, the Trustee is not liable to the Unit Holders or the Manager for so refusing to act.

The investments which may be held or acquired by the Portfolio (defined in the investment policy and guidelines for the Portfolio referred to in the Establishment Deed as 'Authorised Investments'), are as follows:

- (a) Fixed term deposits issued by SBS Bank.
- (b) Call building society shares (within the meaning of the Securities Regulations 2009) issued by SBS Bank.
- (c) Call debt securities (within the meaning of the Securities Regulations 2009) issued by SBS Bank.

Subject to compliance with PIE tax rules, the Trust Deed and Establishment Deed do not contain any limitation on the percentage of the Portfolio's assets which may be invested in any company, or class of companies, or investments in property.

The Portfolio will be invested according to its investment objectives and strategies set out in the Portfolio descriptions in section 6. By applying for Units in the Portfolio a Unit Holder directs the Manager to invest in accordance with the investment objectives and strategies of the Portfolio.

8.5 Unit Holder's Liability

No Unit Holder is personally liable in respect of any debt or liability (including any contingent liability) of the Portfolio. Unit Holders may however incur personal liability for tax as further outlined in the risk section under paragraph 9.1.

No Unit Holder shall in any circumstances (subject to any rights which the Trustee or Manager may have to recover moneys paid in error or to withhold or recover any amounts in respect of any taxes payable by or on account of a Unit Holder) be personally liable to indemnify the Trustee or the Manager in respect of any debt or liability (including any contingent liability) incurred in respect of the Portfolio, except in respect of that Unit Holder's obligations in relation to tax.

A Unit Holder's liability is limited to the extent of the payment of the full purchase price of the Unit Holder's Units. Except as noted above, investors cannot be called upon to meet any other liabilities of the Portfolio.

8.6 Interested Persons

For details of the remuneration of the Trustee and FANZ refer to the section on Fees and Expenses in the Portfolio profile in paragraph 6.4.

Pursuant to an Administration Agreement dated 2 June 2004 the Manager appointed Trustees Executors to provide registry and custodial services to the Lifestages Portfolios. Trustees Executors is remunerated by the Manager for providing its registry services in addition to the Trustee Fee described in paragraph 6.4 of this Prospectus, and not directly out of the Portfolio. The Trustee's fee for providing custodial services to the Portfolio is included within the Trustee Fee described in paragraph 6.4 of the Prospectus, and any expenses incurred by the Trustee would be reimbursed by FANZ or SBS Bank and not out of the Portfolio.

The Portfolio may from time to time invest in fixed interest securities (such as unsecured call and term deposits) issued by SBS Bank, as described in section 6 of this Prospectus. Trustees Executors is currently the trustee of various call and term deposits issued by SBS Bank in which the Portfolio may from time to time invest.

If you invest in the Portfolio through SBS Bank or an independent financial planner, the Entry Fee (if applicable) will be paid to that person as commission.

From time to time the Trustee, the Manager, SBS Bank or persons associated with any of them (including directors of the Trustee, the Manager or SBS Bank) may hold Units in the Portfolio. As at the Registration Date, none of the Trustee, Manager, SBS Bank or persons associated with them hold Units in the Portfolio.

Since the commencement of the Portfolio, more than 10% of the value of the Portfolio's assets has been represented directly or indirectly by securities issued by SBS Bank. As at the Registration Date, the Portfolio's assets are invested exclusively in securities issued by SBS Bank.

9 OTHER IMPORTANT THINGS TO KNOW

9.1 Risk of Your Investment

When you choose any investment, the most important things to know are your objectives and the amount of risk you are comfortable with. Investment risk is a measure of the uncertainty of achieving an investment return. In choosing your objective, there will usually be some trade offs. If you have a long investment horizon and capital growth is your objective, you may be willing to assume greater risk with the potential to achieve higher returns over the long term. With greater risk, however, you will need to understand that at times the capital value of your investments could fall, but, over the long term, you may expect to achieve higher returns.

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

- Global or domestic economic, political or market conditions that affect share prices or interest rates, therefore affecting the Portfolio's value. For example, reductions in interest rates can have a negative impact directly or indirectly on the Portfolio's returns;
- The performance of individual companies, funds or investments in which the Portfolio is invested, or the risk that a company in which the Portfolio holds shares or other

securities becomes insolvent and its securities become worthless;

- The risk of a result of negative returns on the Portfolio's investments, or the returns for the Portfolio are insufficient to meet the applicable expenses. Losses may occur where counterparties associated with investments of the Portfolio fail to meet their respective obligations to the Portfolio;
- Technological or other failures impacting on the Portfolio or financial markets;
- Future changes to tax or legislation which could affect the operation of the Portfolio;
- The risk associated with an inability on the part of the 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;
- With fixed interest securities there is a risk that the issuer or organisation may default on either interest or debt repayments, adversely affecting the Portfolio's returns. The Portfolio also invests so as to gain exposure to unsecured interest bearing term deposit investments. The principal risk of investing in cash deposits or debt instruments is that, due to adverse changes in the economy, the lender may be unable to recover a substantial portion of the loans it has made to others, or even become insolvent. The Portfolio invests exclusively in unsecured debt securities and redeemable preference shares issued by SBS Bank. Any event or circumstance affecting SBS Bank's ability to pay interest on, or repay the principal amount of, the Portfolio's investment (such as the insolvency, receivership, liquidation, voluntary administration or statutory management of SBS

Bank) will correspondingly affect the Portfolio's ability to make payments to investors.

- The Portfolio is only permitted to invest in on-call and term unsecured deposits (including redeemable shares) issued by SBS Bank. This means that the Portfolio is fully exposed to the risk of a default by SBS Bank and will be unable to mitigate this risk by investing in securities issued by other entities without a change to the Portfolio's investment strategies and objectives.

- The risk of the Manager either over or under paying tax within the Portfolio on behalf of a Unit Holder as a result of the Unit Holder providing the Manager with the wrong prescribed investor rate or not advising the Manager to change that rate when it needed to be changed. A Unit Holder is personally liable for any shortfall of tax in such a situation and relevant penalties and interest (if any) and may be required to file a tax return. If a Unit Holder advises a higher rate than that applying, the excess tax paid may not be claimed back. However zero-rated Unit Holders and qualifying trusts not electing a prescribed investor rate of 28% may claim a credit for any tax paid on income allocated to them.

- The risk of the Portfolio losing its status as a PIE. Although FANZ has processes in place to manage compliance with the PIE eligibility requirements, there is a risk that the Portfolio could lose its PIE status if there is a breach of those requirements which is not remedied within the time permitted by the Income Tax Act 2007. No compensation will be made to Unit Holders in the event PIE status is lost. If this occurs, the Portfolio will bear tax on income itself and any distributions by the Portfolio to Unit Holders will also be taxed at the Unit Holder level potentially at a higher tax rate (the 28% PIE capped rate will no longer be applicable).

- Income may be allocated to one joint Unit Holder only which may impact on that Unit Holder's ability to retain a lower prescribed investor rate.

- A full withdrawal will be required where the value of units is not regarded as sufficient to fund an Unit Holder's tax liability.
- A qualifying trust that elects a prescribed investor rate of 28% will be unable to provide the PIE income to beneficiaries at rates lower than 28% nor will such beneficiaries be entitled to a credit or refund of the excess tax.

- If a trust elects a prescribed investor rate of 10.5% or 17.5% losses attributed to the qualifying trust by the Portfolio are not included in the qualifying trust's tax return.

As with any investment that is linked to market performance, whilst the value of your Units will usually be \$1.00, the value may fluctuate according to market conditions. Taxes, fees, expenses and the length of your investment (if you are charged an Entry Fee upon investing you may find that if you withdrew shortly thereafter the withdrawal amount may be less than you originally invested) in the Portfolio will also affect your returns. The principal and returns of the Portfolio are not guaranteed or secured in any way by SBS Bank, FANZ, Trustees Executors or any building society, or any other person.

The assets of the Portfolio cannot be used to satisfy the liabilities of another Lifestages Unit Trust.

9.2 Tax

Tax treatment

Redemption proceeds are non-taxable 'excluded' income. Profits or gains on sales by Unit Holders of their Units will commonly be treated as capital gains not subject to income tax, unless Unit

Holders are carrying on business involving such sales or acquire Units for the purpose of sale.

The Portfolio is a portfolio investment entity ("PIE") under the Income Tax Act 2007. This allows (amongst other things) for a flow through tax treatment of income for investors, with all taxable income, deductible expenses and tax credits related to the Portfolio's investments allocated to Unit Holders in proportion to their daily Unit Holding in each trust, with tax payable at each Unit Holder's prescribed investor rate. Details of prescribed investor rates are available at www.ird.govt.nz.

Tax will generally be paid annually by the Manager on behalf of the Portfolio based on each Unit Holder's prescribed investor rate and the amount of taxable income allocated to them during the year. In addition, tax will usually be deducted prior to payment of any full withdrawal from the Portfolio. As a general rule, no deduction of tax will usually be made on a withdrawal if sufficient Units remain after making a partial withdrawal to enable the Manager to meet any tax expected to be payable in relation to the Unit Holder's Units at the end of the financial year. If insufficient Units would remain, the withdrawal will be treated as a full withdrawal and tax paid accordingly before the withdrawal amount is paid. For this purpose, switches and transfers are treated as withdrawals.

The income of the Class A Units may include interest from a 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 Portfolio, by Trustees Executors.

Returns

Investing in a PIE can provide tax advantages to Unit Holders relative to direct individual investment. Because the prescribed

investor rates at which tax is paid on the Portfolio's income are capped at 28%, and no other tax is generally payable by individual Unit Holders, there can be tax advantages for Unit Holders on higher marginal tax rates.

If you are a Unit Holder on a high tax rate paying RWT on your existing call or term investments, a PIE call or term investment may give you a better return. PIE investments have a top prescribed investor rate of 28%. As the table below shows, a 6% p.a. PIE investment return is equivalent to a non-PIE return of 6.45% p.a. if you are a 33% RWT tax payer.

PIE 28% PIR	Non-PIE 33% RWT	Non-PIE 30% RWT
6.00% p.a.	6.45% p.a.	6.18% p.a.
5.00% p.a.	5.37% p.a.	5.15% p.a.
4.00% p.a.	4.30% p.a.	4.12% p.a.

The above table is based on the prescribed investor rates and RWT rates that have applied to the Portfolio and individual Unit Holders since 1 October 2010.

The above comments in relation to taxation are summarised and general comments only, based on current New Zealand tax law at the Registration Date.

Current taxation laws are subject to change. It is the responsibility of Unit Holders to determine their own tax position and Unit Holders should seek professional advice concerning their tax liability. Neither the Manager nor the Trustee accepts any responsibility for the impact on Unit Holders of taxation liabilities.

You should consult your own independent tax adviser if you are uncertain of your taxation position in relation to the

Portfolio and the holding and withdrawal of Units in the Portfolio.

9.3 Your rights to information

Every year, you will receive a copy of the Portfolio's Annual Report. This will be sent to you within 6 months of the Portfolio's balance date (31 March). The report provides you with information about the Portfolio and its performance.

You will also receive a Distribution Statement detailing the amount of the contributions that you have made and your Unit balance in the Portfolio following the most recent distribution of the Portfolio.

On request information

The following information can be obtained free of charge unless otherwise noted by calling the Registrar on 0800 500 011:

- an estimate of your balance;
- a copy of the Trust Deed and the Establishment Deed and any amendments thereto, on payment of a reasonable fee;
- a transaction statement;
- a copy of the most recent investment statement or Prospectus for the Portfolio (including, in the case of the Prospectus, a copy of any document extending its life); and
- a copy of the most recent audited financial statements for the Portfolio.

9.4 Disputes handling

All problems or complaints regarding your investment should be initially directed to FANZ. In the event of this proving unsatisfactory, the Trustee can be contacted directly.

If you are not satisfied with how your complaint has been dealt with you may be able to refer your complaint to the Banking Ombudsman. You can contact the Banking Ombudsman by writing to the Office of the Banking Ombudsman, PO Box 10-573, The Terrace, Wellington 6143. You can also contact the

Banking Ombudsman by calling 0800 805 950 or by email at: help@bankomb.org.nz.

If you have a complaint about the Trustee you may be able to refer your complaint to Financial Services Complaints Limited ('FSC'). You can contact FSC by writing to PO Box 5967, Lambton Quay, Wellington 6145. You can also contact FSC by calling 0800 347 257 or by email at info@fsc.org.nz.

10 INSPECTION AND OBTAINING COPIES OF DOCUMENTS

You may request to inspect the following documents free of charge during business hours from the Manager, c/- the Papanui branch of SBS Bank, 2-6 Main North Road, Papanui, Christchurch and at Level 4, Petherick Tower, 38-42 Waring Taylor Street, Wellington:

- the Trust Deed and the Establishment Deed for the Portfolio and any amendments thereto;
- any material contract referred to in this Prospectus;
- the latest financial statements for the Portfolio; and
- the latest annual report for the Portfolio.

You can obtain a copy of the above documents by writing to the Manager, FANZ, PO Box 5032, Papanui, Christchurch 8542. A reasonable fee may be charged if a copy of the Trust Deed and the Establishment Deed is requested. The documents may also be viewed on the Manager's public file on the Companies Office website at www.businessgovt.nz/companies. Alternatively, copies can be obtained (on payment of any relevant fee) by telephoning the Ministry of Economic Development Business Service Centre on 0508 266 726.

11 OTHER MATERIAL MATTERS

Except as otherwise set out in this Prospectus there are no material matters relating to the Portfolio.

Listing on a securities market operated by a registered exchange of the securities to which this Prospectus relates is not being sought.

12 MATERIAL CONTRACTS

The Manager and SBS Bank entered into a Securities Distribution Agreement dated 27 September 2010 pursuant to which the Manager and SBS Bank agreed that SBS Bank would have ongoing input into the design and operation of the Scheme.

There have been no other material contracts entered into in respect of the Portfolio (other than in the ordinary course of business) in the two years preceding the Registration Date.

13 OTHER TERMS OF OFFER AND UNITS

All other terms of the Portfolio (other than terms implied by law) are set out in the Trust Deed and Establishment Deed relating to the Portfolio, copies of which are registered with the Registrar of Financial Service Providers and are available for public inspection at the address specified in paragraph 10.

14 PENDING PROCEEDINGS

As at the Registration Date, there are no legal proceedings or arbitration pending which may have a material adverse effect on the Portfolio.

15 ISSUES EXPENSES

The estimated expenses of this issue are \$15,000. These expenses include legal and professional fees, and printing costs.

16 FINANCIAL STATEMENTS AND AUDIT REPORTS

The financial statements for the Portfolio for the period ended on 31 March 2011 comply with and were presented for registration under the Financial Reporting Act 1993 on 20 July 2011.

KPMG have provided an auditor's report dated 30 June 2011 in respect of the financial statements for the year ending 31 March 2011. That report was unqualified and did not refer to any fundamental uncertainty.

An auditor's report in respect of this Prospectus is attached to this Prospectus.

The following summary is taken from the audited financial statements for the Portfolio:

Summary Statement of financial position as at 31 March 2011

	Deposit Portfolio		
	31-Mar-11 12 months	31-Mar-09 12 months	31-Mar-08 1 month
	\$	\$	\$
	(NZ IFRS)	(NZ IFRS)	(NZ IFRS)
Assets			
Cash	21,443,734	45,919,686	8,064,272
Investment Assets	43,667,672	-	-
Current Tax Receivable	592,138	250,491	4,241
Other Current Assets	65,703,544	51,280,717	8,068,513
Total Assets			
Liabilities			
Accounts Payable	8,929	4,076	4,241
Financial Liabilities held at fair Value through Profit & Loss	-	-	-
Other	8,929	4,076	4,241
Total Liabilities			
Net Assets Attributable to Unit Holders			
	65,694,615	45,915,610	8,064,272

Summary Statement of Comprehensive Income for the year ended 31 March 2011

	Deposit Portfolio		
	31-Mar-11 12 months	31-Mar-09 12 months	31-Mar-08 1 month
	\$	\$	\$
	(NZ IFRS)	(NZ IFRS)	(NZ IFRS)
Net Investment Income/(loss)	2,457,067	2,167,870	14,988
Expenses			
Management Fees	-	-	336
Management Performance Fees	-	-	-
Other	-	-	3,904
Operating Expenses			
	-	-	4,240
Net Income/(Loss) Before Tax and Finance Costs	2,457,067	2,167,870	10,748
Finance Costs (Distribution to Unit Holders)	2,067,473	2,132,942	10,748
Net Income/(Loss) Before Tax	389,594	34,928	-
Tax Expense	-	-	-
Net Income/(Loss) After Tax	389,594	34,928	-
Increase/(Decrease) in net assets attributable to Unit Holders	389,594	34,928	-

Summary Statement of Changes in net assets attributable to Unit Holders

	Deposit Portfolio		
	31-Mar-11 12 months	31-Mar-09 12 months	31-Mar-08 1 month
	\$	\$	\$
	(NZ IFRS)	(NZ IFRS)	(NZ IFRS)
Balance at the start of the year	51,276,115	45,915,610	8,064,272
Increase/(Decrease) in net assets attributable to Unit Holders	389,594	34,928	-
Issue of Units for the Period	62,894,970	45,063,848	8,064,272
Redemptions for the Period	48,865,064	26,206,375	-
Balance at the end of the year	65,694,615	45,915,610	8,064,272

Summary Statement of Cash Flows for the year ended 31 March 2011

	Deposit Portfolio		
	31-Mar-11 12 months	31-Mar-09 12 months	31-Mar-08 1 month
	\$	\$	\$
	(NZ IFRS)	(NZ IFRS)	(NZ IFRS)
Net Cash (Used in)/from Operating Activities	19,949,652	20,382,483	10,748
Net Cash (Used in)/from Investing Activities	11,961,433	3,894,760	8,053,524
Net Cash (Used in)/from Financing Activities	7,988,229	16,487,723	37,895,414
Net (Decrease) / Increase in Cash	29,431,963	45,919,686	8,064,272
Cash at the Beginning of the financial Year	21,443,734	29,431,963	8,064,272
Cash at the end of the financial Year	51,276,115	45,919,686	8,064,272

Notes to the Summary Financial Statements

The reporting entity is the Lifestages Deposit Portfolio. The summary financial statements are for the accounting periods ended 31 March 2011, 31 March 2010, 31 March 2009 and 31 March 2008.

These summary financial statements have been prepared in compliance with FRS-43: Summary Financial Statements and comply with NZ GAAP as it relates to summary financial statements. The specific disclosures included in the summary financial statements have been extracted from the full financial statements.

The summary financial statements' comparative numbers have been reclassified to comply with the presentation of the full financial statements for the year ending 31 March 2011.

Users of the summary financial statements should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial statements of the statements of comprehensive income, statements of financial positions and statements of cash flows of the Deposit Portfolio.

The Summary Financial Statements are presented in New Zealand dollars, which is the Portfolio's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

The Full Financial Statements have been prepared in compliance with the Trust Deed, the Financial Reporting Act 1993, other relevant legislative requirements and New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), as appropriate

for profit-oriented entities. The Financial Statements also comply with International Financial Reporting Standards ("IFRS").

The Lifestages Deposit Portfolio elected to become Portfolio Investment Entities ("PIEs") from 1 March 2008. Under the PIE regime, income is effectively taxed in the hands of the unit holders and therefore the Funds have no tax expense from this date.

The Full Financial Statements for the year ended 31 March 2011 were authorised for issue by the directors of Funds Administration New Zealand Limited as manager on 30 June 2011 and an unmodified audit report by KPMG was issued at that date.

The Full Financial Statements for the years ended 31 March 2010, 2009, 2008 were authorised for issue by the directors of Funds Administration New Zealand Limited as manager and an unqualified audit report was issued on each date as follows:

Full Financial Statements as at:	Authorised for issue on:
31 March 2010	30 June 2010
31 March 2009	30 June 2009
31 March 2008	30 June 2008

A copy of the Full Financial Statements can be obtained by contacting SBS Bank on 0800 502 442.


These summary financial statements were authorised for issue by the directors of Funds Administration New Zealand Limited as manager on 29 September 2011.

has not materially and adversely changed during the period between the balance date of the latest financial statements referred to in this prospectus and the Registration Date.


This Prospectus has been signed by or on behalf of the directors of the Manager, FANZ.




Graham David Duston
Director



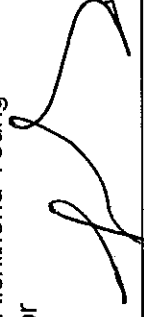
Ross Lindsay Smith
Director



Jeffrey Bernard Walker
Director



Derek Richmond-Young
Director



Gregory John Mulvey
Director

17 MINIMUM SUBSCRIPTION

The minimum subscription that must be raised to provide for the matters set out in clause 9 of Schedule 4 of the Securities Regulations 2009 is nil.

18 GUARANTORS

As at the Registration Date, no person guarantees the securities offered in this Prospectus.

19 ACQUISITION OF BUSINESS OR EQUITY SECURITIES

The Portfolio has not in the period preceding the Registration Date purchased any business or any unlisted equity securities, the consideration for which exceeded 20% of its total tangible assets.

20 OPTIONS AND UNITS PAID UP OTHERWISE THAN IN CASH

No options to subscribe for Units have been issued. No Units have been or are to be issued for a consideration other than cash.

21 MANAGER'S STATEMENT

The directors of Funds Administration New Zealand Limited, after due enquiry by them, are of the opinion that:

- (a) the value of the Portfolio's assets relative to its liabilities (including contingent liabilities); and
- (b) the ability of the Portfolio to pay its debts as they become due in the normal course of business

This prospectus has been signed for the Southland Building Society as promoter:

Southland Building Society under its common seal:

In the presences of:

J Grant
Signature of Director

Jeffrey James Grant
Name of Director

[Signature]
Signature of Director

JWA Smith
Name of Director

[Signature]
Signature of Secretary Director

JF Ward
Name of Secretary Director



Signed by the directors of Southland Building Society (other than those directors who are also directors of Funds Administration New Zealand Limited) as promoters:

[Signature]
J J Grant

[Signature]

[Signature]
J F Ward

[Signature]
JWA Smith

[Signature]
K J Ball

[Signature]
F. E. Spencer

22 TRUSTEE'S STATEMENT

A Trustee's statement in respect of this Prospectus is attached to this Prospectus.

23 STATUTORY INDEX

Securities Regulations 2009, Schedule 4

<u>Clause No.</u>		<u>Pages</u>
1	Description of Unit Trust	1
2	Managers and Promoters	3-4
3	Registrar, custodian, auditors, advisors, and experts	3-4
4	Independence of unit trustee and any custodians	4
5	Unit Trustee	2
6	Description of Unit Trust and its development	1, 5-20
7	Unit holder liability	20
8	Summary financial statements	26-27
9	Minimum subscription	28
10	Guarantors	28
11	Acquisition of business or equity securities	28
12	Options and Units paid up otherwise than in cash	28
13	Interested persons	8-9, 20-21
14	Material contracts	25
15	Pending proceedings	25
16	Issue expenses	25
17	Other terms of offer and Units	25
18	Financial statements and auditor's report	25
19	Places of inspection of documents	24
20	Other material matters	21-25
21	Manager's statement	28
22	Unit Trustee's statement	30

[Placeholder for audit report and letter of consent (2 pages)]

[Placeholder for trustee statement]