

LIFESTAGES KIWISAVER SCHEME

Prospectus dated 29 September 2011



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**Clauses from Schedule 6 of the Securities Regulations 2009. In most cases paragraph numbers in this prospectus reflect the corresponding clause in Schedule 6 of the Securities Regulations 2009. For example, clause 1.1 of this prospectus provides the information required for the purposes of clause 1(1) of Schedule 6 of the Securities Regulations 2009.*

Registered Prospectus

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 and the auditor's consent to that report appearing in this prospectus), were delivered for registration to the Registrar of Financial Service Providers on 29 September 2011 ("Registration Date").

Disclaimer

Southland Building Society ("SBS Bank") does not guarantee (either partially or fully) the capital value or performance of the securities. The principal and returns of the Lifestages KiwiSaver Scheme 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, Trustees Executors Limited, or any other person. Investments in the Scheme 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.

1 Description of Scheme

- 1.1 The name of the scheme is the Lifestages KiwiSaver Scheme ("the Scheme").
- 1.2 The Scheme is a registered KiwiSaver scheme under the KiwiSaver Act 2006 ("the Act"). The Scheme is a "defined contribution" scheme and is a trust principally for the purpose of providing retirement benefits directly or indirectly to natural persons. Members' interests in the Scheme are represented by units purchased with contributions and other amounts received from or in respect of each member. The Scheme is divided into investment portfolios ("Portfolios") each providing exposure to a different range of sectors. As at the Registration Date two Portfolios are available: the Lifestages Capital Stable Portfolio and the Lifestages Growth Portfolio. Members are generally able to select the Portfolio or Portfolios in which they wish to receive units, and a default portfolio ("the Default Portfolio") will apply to members who do not select a Portfolio or Portfolios. As at the Registration Date, the Lifestages Capital Stable Portfolio is the Default Portfolio. The Act (and other relevant New Zealand legislation) can be viewed online by interested persons at www.legislation.govt.nz.
- 1.3 The Scheme was established in 2007 in Wellington.

2 Superannuation Trustee

- 2.1 The Trustee of the Scheme is Trustees Executors Limited ("the Trustee"). As at the Registration Date, the directors of the Trustee are:

James Brendan Bolger of Te Kuiti
Deepak Kumar Gupta of Wellington
Paul Raymond Shelley Hocking of Martinborough
Peter Andrew Metz of New York, United States of America

- 2.2 The Trustee's, and its directors', address is:

Level 5, 10 Customhouse Quay
PO Box 3222
Wellington

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

- 2.3 The Trustee 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.
- 2.4 The Trustee's ultimate holding company is Sterling Grace (NZ) Limited, a company incorporated in New Zealand on 30 July 2003.
- 2.5 Paul Hocking, a director of the Trustee, is also currently a director of a finance company that was placed into receivership in July 2010. No other director of the Trustee or the Trustee has 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 at any time in the five years preceding the Registration Date.
- 2.6 The Trustee, and every person acting on its behalf, is fully indemnified out of the Scheme against all liabilities and expenses incurred in acting as trustee under the trust deed for the Scheme ("the Trust Deed"), other than for losses or damages arising from its own wilful default or wilful breach of trust or failure to comply with the provisions of section 8(b) of the Superannuation Schemes Act 1989. In addition, the Trustee is entitled to be reimbursed for attributed tax paid by it by cancelling relevant members' units.

2.7 The Trustee is independent of every administration manager, investment manager and promoter of the Scheme. Funds Administration New Zealand Limited ("FANZ"), as administration manager, has delegated certain registry and other administrative services to Trustees Executors Limited.

3 Managers, Promoters, Auditors and Advisers

3.1 The administration manager and investment manager of the Scheme is Funds Administration New Zealand Limited. FANZ's address is:

51 Don Street
PO Box 835
Invercargill

FANZ may choose to appoint one or more underlying fund managers to produce exposure to certain investors. For details of the current underlying fund managers at any time contact FANZ at the address set out above.

3.2 FANZ, the Southland Building Society ("SBS Bank") and their respective directors are the promoters of the Scheme. As at the Registration Date, the directors of FANZ and SBS Bank are:

FANZ:

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

SBS Bank:

Jeffrey James Grant of Balfour
John Francis Ward of Invercargill
Jeffrey Bernard Walker of Invercargill
Gregory John Mulvey of Invercargill
Ross Lindsay Smith of Invercargill
John William Acton Smith of Invercargill
Kathryn Jane Ball of Invercargill
Francis Edwin Spencer of Havelock North

The address of FANZ and the directors of FANZ and SBS Bank may change from time to time. Members can obtain the current address of FANZ and the current directors of FANZ and SBS Bank by calling FANZ on 0800 502 442.

3.3 Neither FANZ, SBS Bank nor any director of FANZ or SBS Bank has 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 at any time in the five years preceding the Registration Date.

3.4 The names of the registrar, custodian and auditors of the Scheme and of the professional advisers involved in the preparation of this Prospectus are:

Registrar

Trustees Executors Limited
Level 5, 10 Customhouse Quay
PO Box 409
Wellington

Auditor

KPMG
10 Customhouse Quay
PO Box 996
Wellington

Custodian

T.E.A. Custodians Limited
Level 5, 10 Customhouse Quay
PO Box 409
Wellington

Solicitors involved in preparation of this

Prospectus
Kensington Swan
89 The Terrace
PO Box 10 246
Wellington

3.5 There are no experts named in this prospectus.

4 Description of the Scheme and its Development

- 4.1 The Trust Deed is dated 30 April 2007. The Trust Deed has not been amended since that date.

Summary of the Principal Terms of the Trust Deed

Umbrella Trust Deed

- 4.2 The Trust Deed is an "umbrella trust" which governs both the Scheme and its sister scheme, the Lifestages Superannuation Scheme. Although the two schemes are established under the Trust Deed, each scheme's assets are kept separate, such that the liabilities of a particular scheme can only be met from that scheme's assets, and the investments of a scheme are held by the Trustee exclusively for the benefit of members of that scheme. This Prospectus does not summarise the terms of the Trust Deed that relate to the Lifestages Superannuation Scheme as they are not applicable to the offer of interests in the Scheme.

Purpose and Relationship with Governing Legislation

- 4.3 The Scheme is a trust principally for the purpose of providing retirement benefits directly or indirectly to natural persons.
- 4.4 In the event of an inconsistency between the Trust Deed as it relates to the Scheme and the Act, the Superannuation Schemes Act 1989, the Trustee Act 1956, the Securities Act 1978 and any regulation or notice promulgated under those Acts ("the Governing Legislation") the provisions of the Governing Legislation prevail and the Trust Deed will, insofar as it relates to the Scheme, be construed accordingly.

Fund and Units

- 4.5 The trust fund ("the Fund") consists of the aggregate of all of the money, property and other assets of every type held by the Trustee from time to time under the Trust Deed in respect of the Scheme. The Fund comprises a single trust fund. Where the assets attributable to a particular Portfolio are insufficient to meet the liabilities attributable to that Portfolio, those liabilities shall be met from the Fund (in practice, from the assets of another Portfolio or Portfolios) in such equitable manner as FANZ with the approval of the Trustee sees fit. Except in this situation, the investments of the Scheme attributable to a particular Portfolio will be held by the Trustee for the benefit of members who have an interest in that Portfolio.
- 4.6 The beneficial interest in the Fund is divided into units. Each unit confers an interest in the assets of the Fund attributable to the Portfolio to which the unit relates but does not confer any right or interest in the individual investments of a Portfolio. The Trustee may consolidate or subdivide units, and units can be denominated in part-units.

Investment Portfolios

- 4.7 The Fund is divided into one or more Portfolios on such terms and conditions as FANZ nominates by notice in writing to the Trustee from time to time. Those terms and conditions will include, amongst other things, any minimum holding or minimum switching amount for that Portfolio or class of members holding units in that Portfolio set in accordance with the Governing Legislation and/or the scheme provider agreement relating to the Scheme (which are together referred to in this Prospectus as the "Governing Requirements"), either alone or as an aggregate value across one or more specified Portfolios. The Trustee must agree to the establishment of a new Portfolio. One Portfolio will be nominated as the Default Portfolio for the investment of amounts received by or in respect of members who have not selected a Portfolio or Portfolios, or if the Governing Requirements otherwise require it. Returns from the investments of a Portfolio (which may be positive or negative) are reflected in movements over time in the unit price for units in the relevant Portfolio. Unit prices are calculated at each "net asset determination time" which, as at the Registration Date, occurs once a week.
- 4.8 Unless the Trustee determines that to do so would materially prejudice the interests of members generally, or a breach of the Governing Requirements would result, FANZ may in most instances vary all or any of the terms of any Portfolio by written notice to the Trustee (where the Trustee and FANZ agree the variation is not material) or may vary the terms of any Portfolio, or terminate or merge any one or more Portfolios where FANZ

considers that doing so would be beneficial for the more convenient, economical or advantageous working, management or administration of the Scheme and would not materially prejudice interests of members holding units in those Portfolios by written notice to the Trustee and affected members (where in the case of a variation the Trustee and FANZ do not agree that the variation is not material).

- 4.9 Members may switch a monetary sum or set number of units between Portfolios by giving FANZ a switching notice to that effect. Switching amounts may be adjusted, where necessary, for the purpose of any attributed tax or attributed tax credits. Any minimum values applying to the member must be complied with and a notice, once given, is irrevocable. Switching notices must be in such form or comply with such specifications as the Trustee prescribes from time to time. A switching notice takes effect as a withdrawal of units relating to the Portfolio nominated and an application for units in the Portfolio(s) which the notice nominates and the provisions of the Trust Deed dealing with withdrawals (including, for example, the applicable unit prices and the ability to suspend withdrawals) apply with all necessary modifications. FANZ may charge a switching fee of an amount determined by it from time to time (subject to compliance with the Governing Requirements), which may differ depending on the Portfolio, class of member or type or nature of switch transaction.

Commencement and Termination of Membership

- 4.10 A natural person may become a member of the Scheme:
- a. where his or her employer has selected the Scheme as its "employer choice" scheme, by allocation under section 48 of the Act; or
 - b. subject to the Governing Requirements, by applying to the Trustee on such terms as the Trustee and FANZ determine from time to time and the Trustee accepting that application.
- 4.11 Subject to the Governing Requirements, membership of the Scheme will terminate if the relevant member does not hold any units and the Trustee notifies that member that his or her membership is to terminate, or in accordance with section 20(1) of the Act, which covers the situation where a person opts-out of KiwiSaver under the Act after becoming a member of the Scheme. A member continues to be eligible to be a member where he or she changes employer, even if the member originally joined the Scheme as a result of that employer having chosen the Scheme as its "employer choice" scheme under the Act.

Contributions and Issue of Units

- 4.12 Contributions by or in respect of a member and other amounts to be credited to the Scheme in respect of a member (for example, the initial Government "kick-start" contribution) can be made, and will be accepted, in any manner provided for in the Governing Requirements or, subject to the Governing Requirements, in such other manner set by the Trustee from time to time. Any minimum amount required by the Act to be contributed by or in respect of a member must be made, but subject to Trust Deed, the terms of the relevant Portfolio and any other terms determined by FANZ and the Trustee from time to time, no other contributions need to be made. Subject to the Governing Requirements, the Trustee may refuse to accept a contribution notwithstanding any prior agreement to the contrary.
- 4.13 Unless the Governing Requirements require otherwise, amounts received will be applied by way of subscription for units in the Portfolio(s) selected by the member from time to time on terms and conditions determined by the Trustee from time to time (or the Default Portfolio) at the unit price applicable at the relevant time, being immediately after the next net asset determination time after acceptance of the relevant contribution by the Trustee. Contributions must be in cash, and the Trustee will distinguish between the different types of contributions received by recognising different classes of units or, if it wishes, establishing separate accounts for each class of units held by a member. The Trustee may deduct from a contribution received an entry fee of such amount (complying with the Governing Requirements) as it may determine from time to time in consultation with FANZ for a Portfolio, class of members investing in a Portfolio, or type or value of contribution received. All Units issued as a result of employer contributions to the Scheme will vest immediately.
- 4.14 Unless the Governing Requirements preclude it (for example, in the case of persons who are allocated to the Scheme as a result of their employer having chosen the Scheme as its preferred scheme) the Trustee has an absolute discretion to refuse to accept any application for units and need not give reasons.

- 4.15 If the Trustee or FANZ is required under the Act to refund to the Inland Revenue Department ("IRD") (or any other person acting as an administrator of KiwiSaver from time to time) an amount received in respect of a member, or has a discretion to refund such an amount and chooses to do so, units with an aggregate unit price equal to the amount of the refund to be paid will be treated as void and the amount realised will be applied in payment of the refund. If the aggregate unit price of all of the relevant member's units at the relevant time is less than the amount to be refunded, then subject to the Governing Requirements and any other rule of law, the Trustee is entitled to recover the shortfall from the relevant member personally.

Withdrawals

- 4.16 A member who is entitled to withdraw from the Scheme under the relevant provisions of the Act and wishes to withdraw may do so by providing the Trustee with a withdrawal request in writing signed by the member or his or her duly authorised agent, or in such other manner as is acceptable to the Trustee. A withdrawal request must specify the dollar amount or number of units to be withdrawn, the Portfolio(s) in respect of which units shall be cancelled and the class of units to be cancelled, and in the absence of such specification shall be deemed to have specified such Portfolio(s) or classes as the Trustee sees fit. Subject to the Governing Requirements, a benefit from the Scheme is subject to the deduction of any duty or tax payable, the payment of any applicable fees (including exit fees), charges, penalties and other amounts which comply with the Governing Requirements (which will be deducted by grossing up the number of units to be cancelled, where a withdrawal request is given for a dollar sum), the number of units cancelled satisfying the minimum requirements set by the Trustee from time to time, the number of units remaining satisfying the minimum requirements set by FANZ, and the provision of such evidence as the Trustee may require to establish entitlement to the benefit. Unless the Trustee agrees otherwise, such notices are irrevocable once given except in the circumstances where withdrawals are suspended (see paragraph 4.19).
- 4.17 As at the Registration Date, the Act permits withdrawals (subject to various terms and conditions) if a member dies; reaches New Zealand Superannuation qualifying age (currently 65), subject to being a member of a KiwiSaver scheme or a complying superannuation fund for at least five years; suffers a serious illness or significant financial hardship or permanently emigrates, and permits limited withdrawals for a first home. There are constraints around the circumstances in which any tax credits received by a member can be withdrawn. See paragraph 14.7 to 14.10 (inclusive) for more details. Legislation which has passed but not commenced as at the Registration Date will allow members who permanently emigrate to Australia to transfer the full value of their interest in the Scheme (net of taxes and fees) to an Australian complying superannuation scheme, instead of withdrawing.
- 4.18 A withdrawal request will take effect, and the Trustee will cancel units, at the unit price at the relevant time, being the time immediately after the next net asset determination time after receipt of the withdrawal request by the Trustee. The benefit will be paid within five business days of that net asset determination time.
- 4.19 If as a result of a decision to terminate the Scheme, or because of:
- a. financial, political or economic conditions in any relevant market;
 - b. the nature of any investment; or
 - c. the occurrence or existence of any other circumstance or event relating to the Scheme,

the Trustee reasonably forms the opinion that it is not practicable, or would be materially prejudicial to the interests of members generally, to realise investments or borrow in order to pay a benefit, then subject to the Governing Requirements withdrawals may be suspended. A suspension may last up to six months.

Transfers

- 4.20 Where a member who joins another registered KiwiSaver scheme requests it, or the Governing Requirements require it, the Trustee will transfer to that other scheme an amount equal to the aggregate unit price of all of the member's units at the relevant time (being immediately after the next net asset determination time after the request is received or requirement arises), less any duty or tax payable and any applicable fees (including exit fees), charges, penalties or other amounts which comply with the Governing Requirements, in the manner

provided for by the Governing Requirements or otherwise on such terms and conditions as the Trustee and FANZ agree from time to time. A member can only be a member of one KiwiSaver scheme at a time, but can transfer between KiwiSaver schemes at any time. In addition, legislation which has passed but not commenced as at the Registration Date will allow members who permanently emigrate to Australia to transfer the full value of their interest in the Scheme (net of taxes and fees) to an Australian complying superannuation scheme. For more information (including an update on the commencement date of this change, when it is available), contact FANZ.

- 4.21 Subject to the Governing Requirements, the Trustee with FANZ's agreement but without the consent of affected members may transfer an amount equal to the aggregate unit price at the relevant time of some or all of the relevant members' units to another registered KiwiSaver scheme on such terms and conditions as it shall agree with FANZ.
- 4.22 Where a member is entitled to a benefit or transfer from another superannuation scheme or registered KiwiSaver scheme the Trustee shall, on such terms and conditions as FANZ (to the extent permitted by the Governing Requirements) determines from time to time, accept a transfer from the other scheme of an amount notified to the Trustee or FANZ by the trustee(s) of that scheme. Any amount so received shall be treated as if it was a contribution to the Scheme by or for the member.

Insured Benefits

- 4.23 Subject to compliance with the Governing Requirements, the Trustee shall if directed by FANZ offer insured benefits to some or all members, and for that purpose may enter into insurance policies with insurance companies. Insured benefits, where offered, will only be available to a member who wishes to take up such an offer after all information required by the insurer to enable it to issue a policy or to enable the relevant member to be included within an existing policy is provided, to the extent the relevant policy is able to cover the member, and otherwise on the terms and conditions and subject to the restrictions and limitations contained in the Trust Deed, the relevant policy or set by FANZ from time to time. In addition, insured benefits can only continue to be offered to a member if the relevant policy remains in full force and effect, the member has provided the relevant insurer with all information required by the insurer, the relevant member continues to hold units with an aggregate unit price sufficient to enable the payment of the relevant premium (and the application of such units in payment of the premium is not precluded) or to make any additional contributions required (see paragraph 4.25), as applicable, the relevant member continues to comply with any applicable terms and conditions and restrictions and limitations, and continuing to offer insured benefits will not result in a breach of the Governing Requirements.
- 4.24 Premiums for a policy in respect of a member are an expense of the Scheme attributable to the relevant member. Subject to additional contributions being made (see paragraph 4.25) and to compliance with the Governing Requirements, unless an alternative arrangement is agreed between the member, Trustee and FANZ, the Trustee shall be entitled to cancel units of the relevant member with an aggregate unit price sufficient to meet the amount of any premium(s) payable for the relevant member and to use such amount to pay the said premium(s). The amount of any insured benefit payable will not exceed the amount received by the Trustee, and the Trustee will not be required to pay an insured benefit before it actually received the money (if any) payable to it under the relevant policy.
- 4.25 If the Governing Requirements prevent the cancellation of some or all of a member's units to facilitate payment of the premiums payable for an insured benefit, or if cancelling some or all of the relevant member's units would result in the member being considered, for the purposes of the Governing Requirements, not to have made the minimum contributions required by the Governing Legislation, then the Trustee can require the relevant member to make an additional contribution to the Scheme to cover that amount.

Investments and Borrowing

- 4.26 All money belonging to the Scheme shall be invested in accordance with the provisions of the Trustee Act 1956 relating to the investment of trust funds, and the Trustee and any investment manager shall, in exercising the power of investment, exercise the care, diligence and skill required of that person by the relevant section of the Trustee Act 1956. Investments must be in "authorised investments", which are widely defined in the Trust Deed.

- 4.27 The Trustee may borrow or raise money from any person and may use the assets of the scheme as security for such arrangements, if the Trustee in good faith determines that to do so is necessary or desirable in the general interests of members, or for the purposes of conducting the investment, management or other operation of the Scheme. However, such transactions can only occur if the total amount owing will not exceed 15% of the gross value of the Scheme's assets.

The Trustee

- 4.28 The Trustee is appointed as the trustee of the Scheme to hold the Fund on trust for members on the terms of the Trust Deed. The Trustee has all powers in respect of the Scheme and its assets that it would have if it were the absolute and beneficial owner of the Scheme and its assets. This includes the power to employ or engage on such terms and conditions (complying with the Governing Requirements) as it thinks fit an investment manager, administration manager or other person, and to appoint a custodian trustee. In addition, to the extent permitted by the Governing Requirements and otherwise at law, the Trustee has full power to delegate performance of any or all of its powers, authorities or discretions under the Trust Deed. The Trustee is also entitled to deal with related parties (which, in this context, means FANZ and its related companies) provided that it does so on reasonable commercial terms.
- 4.29 The Trustee shall not be liable for any loss or damage (except for loss or damage arising from its own wilful default or wilful breach of trust or a failure to comply with section 8(b) of the Superannuation Schemes Act 1989), any act attempted or done in the exercise of, or pursuant to, any trust, power or discretion vested in it by the Trust Deed, or any omission or non-exercise in respect of any trust, power or discretion under the Trust Deed, unless the same arises from its wilful default, wilful breach of trust or failure to comply with section 8(b) of the Superannuation Schemes Act 1989. The Trustee and every person acting on its behalf shall be indemnified out of the Fund for all liabilities and expenses incurred in the exercise or attempted exercise of the trusts, powers and discretions vested in the Trustee under the Trust Deed relating to the Scheme, and in respect of any matter or thing done or omitted to be done in any way relating to the Trust Deed and Scheme (other than a matter outlined above for which the Trustee is liable). The indemnity extends to payments that the Trustee makes where it bona fide believes the recipient is entitled to payment, even if this is subsequently found not to be the case, and the Trustee has a lien or charge over the Fund to reflect the indemnity. The benefit of the indemnity (and any further indemnity or exclusion given in any application for membership) extends to any investment manager, administration manager or agent acting on behalf of the Trustee. Unless the Trustee is in breach of its obligations under the Trust Deed, the Act or at law, the Trustee's liability shall at all times be limited to the assets of the Scheme.
- 4.30 The Trustee may be removed by FANZ by 30 days notice in writing. FANZ may also appoint a new or additional trustee, but cannot appoint an additional trustee while Trustees Executors Limited is the trustee. The office of trustee shall become vacant if the trustee resigns by giving 30 days notice in writing to FANZ, becomes bankrupt or goes into liquidation, receivership, voluntary administration or statutory management, if its estate is assigned for the benefit of its creditors or, if the trustee is a natural person, he or she dies or becomes of unsound mind.
- 4.31 The Trustee is entitled to a fee from the Scheme, of such amount agreed between the Trustee and FANZ. The fee shall be reviewed annually, shall be no greater than the fee that would normally be charged by a statutory trustee corporation for carrying out the services required by the Trust Deed, and shall comply with the Governing Requirements. The Trustee is also entitled to reimbursement of expenses it incurs in performing its services, and to charge any GST or other similar tax or duty payable in respect of its fee.
- 4.32 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 the interests in the Scheme 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 sub-paragraph (a) to be remedied (except if it is satisfied that the breach will not materially prejudice the interests of members).

General

- 4.33 Unless required by the provision of any enactment or by the order of a court under any enactment (for example, a court order under section 31 of the Property (Relationships) Act 1976) a member may not transfer, alienate, assign, charge, pass to any other person, mortgage, pledge or grant any other interest in his or her present or future interest in the Scheme or any withdrawal payable from the Scheme in any way, and neither the Trustee or FANZ will recognise or give effect to any such interest. Notwithstanding this general prohibition, FANZ may from time to time determine, in respect of some or all members, that if, in the Trustee's opinion, a member becomes of unsound mind, incapable of managing his or her own affairs or bankrupt, his or her interest shall to the maximum extent permitted by law be forfeited to the Scheme and (subject to the Governing Requirements) the Trustee shall apply such amount for the benefit of the member or his or her dependants in such manner as it, in its discretion, thinks fit.
- 4.34 The Trust Deed may be amended by the Trustee with the consent of FANZ at any time subject to the provisions of the Governing Requirements unless the amendment would detract from the purpose of the Scheme, result in any provision of section 84B(a) to (g) of the State Sector Act 1988 ceasing to apply to the Scheme, or would have certain other prohibited effects, such as an adverse affect on benefits that are attributable to membership up to the date of the amendment and (in the latter case) the written consent of members who would be adversely affected has not been obtained.

Wind-Up of an Investment Portfolio

- 4.35 A Portfolio shall close and be wound up if FANZ so resolves and notifies the Trustee (and to do so is not contrary to the Governing Requirements). Within 14 days of winding up a Portfolio or Portfolios FANZ must give to each member holding units in the affected Portfolio(s) notice of the winding up and of the intention of the Trustee to reinvest the assets of the Scheme attributable to the Portfolio(s). If the Default Portfolio is wound up FANZ must nominate an alternative Portfolio as the Default Portfolio. Members will be asked to select another Portfolio or Portfolios to which their units will relate following the wind-up. FANZ will determine, and the Trustee will advise, a substitute Portfolio that will apply if a member does not make such a selection.
- 4.36 Upon a winding up of a Portfolio, the Trustee will sell, call in or convert into cash all investments of the Scheme attributable to that Portfolio and pay out, discharge or otherwise make proper provision for the liabilities of the Scheme attributable to that Portfolio. The cash held in respect of that Portfolio is then reinvested in accordance with the relevant members' instructions or if no such instructions are received in the substitute Portfolio.

Closure and Wind-Up of the Scheme

- 4.37 The Scheme may be closed if the Trustee or FANZ so resolve, having given the other 10 days prior written notice. Upon the closure of the Scheme taking effect, no further members shall be admitted and no further contributions accepted, but the Scheme will otherwise continue in operation.
- 4.38 The Scheme may be wound up if the Trustee or FANZ so resolve, having given the other 10 days prior written notice, if the last member of the Scheme cancels his or her units and the Trustee resolves to wind up the Scheme, or the Governing Requirements require it. Upon winding up of the Scheme taking effect no further members shall be admitted, no further contributions accepted and the Trustee will realise all of the assets of the Scheme.
- 4.39 The proceeds of the realisation of assets on wind-up will be applied first in payment of the costs, expenses and liabilities of the Scheme (including setting aside an amount for a contingent liability) and then in providing for the payment to members of their pro-rata proportion of the remaining assets, after the deduction of any duty or tax payable, the payment of any applicable fees (including exit fees), charges, penalties and other amounts which comply with the Governing Requirements. All amounts payable to members shall be paid in accordance with section 57 of the Act.
- 4.40 **The above outline is a summary of the principal provisions of the Trust Deed only. The Trust Deed contains other provisions to which the Scheme is subject. For details on how to view a copy of the Trust Deed, refer to section 13 of this prospectus.**

Investment, Other Activities and Material Developments

- 4.41 As a result of the Taxation (Urgent Measures and Annual Rates) Act 2008, the following changes were made to the Scheme with effect from 1 April 2009:
- the minimum member contribution rate reduced from 4% to 2%, with 2% as the default contribution rate for employee members joining the Scheme on or after 1 April 2009. Employee members who were contributing to the Scheme at 4% prior to that date have been able to elect to contribute at the 2% rate since that date by notifying their employer but otherwise continue to contribute at 4%;
 - the member fee subsidy was discontinued;
 - compulsory employer contributions were capped at 2%; and
 - the employer tax credit was discontinued.
- 4.42 As a result of the Taxation (Budget Tax Measures) Act 2009 the mortgage diversion facility has been closed to new members in KiwiSaver schemes (and complying superannuation funds) from 1 June 2009. Existing members using the mortgage diversion facility can continue to use it for so long as the Scheme continues to offer it.
- 4.43 With effect from 1 September 2009, FANZ, with the agreement of the Trustee, established a second investment portfolio within the Scheme, known as the Lifestages Growth Portfolio. The Lifestages Growth Portfolio commenced operation on 1 October 2009. The original portfolio is now referred to as the Lifestages Capital Stable Portfolio and, as at the Registration Date, is the Default Portfolio.
- 4.44 On 27 September 2010, FANZ and SBS Bank entered into a Securities Distribution Agreement pursuant to which FANZ and SBS Bank agreed that SBS Bank would have ongoing input into the design and operation of the Scheme. As a consequence, SBS Bank and its directors became promoters of the Scheme with effect from 29 September 2010.
- 4.45 As a result of the Taxation (Annual Rates and Budget Measures) Act 2011 the following changes occurred:
- Starting from the year commencing 1 July 2011, the maximum member tax credit was reduced to \$521.43 per year. The rate at which member tax credits match member contributions was also reduced from dollar for dollar to 50c for every dollar contributed.
 - The current tax exemption for compulsory employer contributions will cease with effect from 1 April 2012. From this date, compulsory employer contributions will have employer superannuation contribution tax deducted from them before being credited to the Scheme. Deductions will be made at the following rates (which may change in the future):

Income	Rate
not more than \$16,800	10.5%
between \$16,801 and \$57,600	17.5%
between \$57,601 and \$84,000	30%
exceeds \$84,001	33%

- 4.46 In Budget 2011, the Government announced that it intends to increase the current 2% minimum member contribution and compulsory employer contribution rates to 3% of gross salary or wages from 1 April 2013. 3% will become the default member contribution rate for members who do not choose to contribute at a higher rate.
- 4.47 As at the Registration Date there had been no other material developments relating to the Scheme in the five years preceding the Registration Date.

Member Liability

- 4.48 Members of the Scheme do not incur any liabilities (including contingent liabilities) in respect of the Scheme other than:
- a. contributions payable to the Scheme; and
 - b. a potential obligation to refund any "shortfall" where a refund is to be made to the IRD or other person acting as a central administrator for KiwiSaver from time to time (refer to paragraph 4.15 above).

In the case of sub-paragraphs (b) above there is no limitation on the potential liability that may be incurred by a member, except that the amount of the liability will not be greater than the amount of the shortfall.

Investment Objectives and Policy

- 4.49 As at the Registration Date, the Scheme comprises two investment portfolios, the Lifestages Capital Stable Portfolio and the Lifestages Growth Portfolio. The Lifestages Capital Stable Portfolio is the Default Portfolio. Details of the investment objectives and policies for each Portfolio as at the Registration Date are set out below. These investment objectives and policies may be changed by FANZ in the manner set out in paragraph 4.8, although as at the Registration Date it is not FANZ's current intention to make any changes during the expected currency of this prospectus. For more information about the operation of investment portfolios refer to paragraphs 4.7 to 4.9.

Lifestages Capital Stable Portfolio

The Lifestages Capital Stable Portfolio aims to provide investors with a low risk investment option and is suitable for investors who wish to have a "low risk" investment portfolio that has the majority of its portfolio invested in fixed interest investments. This portfolio has a lower exposure to growth investment than the Lifestages Growth Portfolio and as such is expected to provide a more stable return.

The Lifestages Capital Stable Portfolio provides exposure to the following sectors (in the case of investments other than cash, such exposure generally to be obtained through investments in a range of underlying investment funds operated by one or more different fund managers):

Sector	Range	Benchmark	Current*
Income investments (cash and fixed interest)	75-85%	80%	77.7%
Australasian shares	3-12%	6.5%	7.6%
International shares	8-20%	13.5%	14.7%

* As at 31 August 2011

Details of the current exposure can be obtained at any time by contacting FANZ.

Lifestages Growth Portfolio

The Lifestages Growth Portfolio aims to provide investors with an investment option focused on providing capital growth over the long term. The majority of the Lifestages Growth Portfolio is invested in growth assets or shares and as such its return is directly affected by the performance of sharemarkets worldwide. The Portfolio's benchmark is 20% invested in fixed interest assets and as such investors are expected to receive returns that will fluctuate in line with sharemarkets worldwide, and as such may have more volatility in its return than the Lifestages Capital Stable Portfolio.

The Lifestages Growth Portfolio provides exposure to the following sectors (in the case of investments other than cash, such exposure generally to be obtained through investments in a range of underlying investment funds operated by one or more different fund managers):

Sector	Range	Benchmark	Current*
Australasian shares	25-35%	30%	32.0%
International shares	45-55%	50%	52.8%
New Zealand cash and bonds	15-25%	20%	15.2%

* As at 31 August 2011

Details of the current exposure can be obtained at any time by contacting FANZ.

Investment Performance

4.49 The investment performance of the Lifestages Capital Stable Portfolio since it commenced business on 1 October 2007 is as follows:

Year Ended	Gross Return (p.a.)
31 March 2011	3.22%
31 March 2010	8.02%
31 March 2009	2.67%
31 March 2008	0.59% (6 months)

Returns shown are gross of tax, fees and expenses and reflect the returns of the Portfolio's investments in the ordinary course of its investment mandate.

The investment performance of the Lifestages Growth Portfolio since it commenced its investment activities on 1 January 2010 is as follows:

Year Ended	Gross Return (p.a.)
31 March 2011	2.43%
31 March 2010	1.98% (3 months)

Returns shown are gross of tax, fees and expenses and reflect the returns of the Portfolio's investments in the ordinary course of its investment mandate.

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

Since the Scheme was established FANZ has invested the assets of the Scheme in accordance with the investment strategy of the Scheme applicable at the time and the terms of the Trust Deed.

5 Summary of Financial Statements

5.1 The following summary is provided in respect of the financial periods ended 31 March 2011, 31 March 2010, 31 March 2009 and 31 March 2008. The amounts stated below have been taken from audited financial statements. No audit report in respect of those financial statements was qualified or referred to a fundamental uncertainty.

	Lifestages KiwiSaver Scheme	Lifestages KiwiSaver Scheme	Lifestages KiwiSaver Scheme	Lifestages KiwiSaver Scheme
	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	12 months	12 months	12 months	6 months
	\$	\$	\$	\$
	(NZ IFRS)	(NZ IFRS)	(NZ IFRS)	(NZ IFRS)
Contributions				
Members	6,598,235	5,346,810	3,751,118	986,192
Employers	2,825,009	2,070,216	1,019,325	125,419
Other	7,148,968	6,626,459	4,135,453	1,474,569
Total Contributions	16,572,212	14,043,485	8,905,896	2,586,180
Interest Income	446,869	285,832	185,155	31,813
Dividend Income	683,270	270,389	166,193	3,347
Net Gains on Investments	632,820	852,030	-288,006	-26,208
Other Revenues	-	-	1,668	4,762
Total Investment Revenues	1,762,959	1,408,251	65,010	13,714
Benefits Paid	1,094,897	589,427	238,093	-
Investment Expenses	-	-	-	-
Management Expenses	399,503	220,633	85,589	10,643
Interest Expenses	-	-	-	-
Other Expenses	-	-	-	-
Total Expenses	399,503	220,633	85,589	10,643
Net Surplus Before Tax and Extraordinary Items	1,363,456	1,187,618	-20,579	3,071
Taxation Expense	-	-	-	-
Net Surplus Before Extraordinary Items	1,363,456	1,187,618	-20,579	3,071
Extraordinary Items (Net of Tax)	-	-	-	-
Net Surplus After Extraordinary Items	1,363,456	1,187,618	-20,579	3,071
Distribution to Unit Holders	-	-	-	-
Other Distributions	-	-	-	-
Allocation to Members Accounts	1,363,456	1,187,618	-20,759	3,071
Transfers to Reserves	-	-	-	-
Net Asset Information				
Total Assets	42,779,588	25,920,636	11,253,647	2,598,370
Total Tangible Assets	42,779,588	25,920,636	11,253,647	2,598,370
Liabilities other than for Accrued Benefits	60,666	42,485	17,173	9,119
Net Assets Available to pay Benefits	42,718,922	25,878,151	11,236,474	2,589,251
Liabilities for Accrued Benefits (calculated as at the end of each financial period)	42,818,922	25,878,151	11,236,474	2,589,251

6 Guarantors

- 6.1 No person guarantees the payment of any money payable from the Scheme.

7 Acquisition of Business or Equity Securities

- 7.1 The Scheme has not in the two years preceding the Registration Date purchased any business or any unlisted equity securities the consideration for which exceeded 20% of its total tangible assets.

8 Interested persons

- 8.1 The Trustee, FANZ, T.E.A. Custodians Limited ("the Custodian") and their associated persons are entitled to remuneration for services relating to the Scheme and to recover expenses in respect of the Scheme as follows:
- a. **Trustee:** The Trustee is paid a fee out of the Scheme for acting as Trustee of the Scheme and is entitled to reimbursement from the Scheme for any expense, loss, cost or liability it incurs in acting as Trustee of the Scheme. Subject to the Governing Requirements, and a requirement that the fee be no more than would normally be charged by a statutory trustee corporation for carrying out the services of the trustee under the Trust Deed, there is no limit to the amount of remuneration that can be paid to the Trustee or on the amount of expenses it can recover. The Trustee is also entitled to receive, in addition to its fee, any GST or similar tax or duty payable in respect of such fee.
 - b. **FANZ:** FANZ is paid fees out of the Scheme for acting as the administration manager and investment manager of the Scheme and is entitled to reimbursement directly or indirectly from the Scheme for any expense, loss, cost or liability it incurs in acting as administration manager and investment manager of the Scheme. Subject to the Governing Requirements there is no limit to the amount of remuneration that can be paid to FANZ or on the amount of expenses it can recover. FANZ is also entitled to receive, in addition to its fees, any GST or similar tax or duty payable in respect of such fees.
 - c. **Custodian:** The Custodian (which is a wholly owned subsidiary of the Trustee) is paid a fee for acting as custodian of the assets of the Scheme, and is entitled to reimbursement of expenses incurred by it in so acting. This fee is charged to FANZ, rather than the Scheme, although FANZ is entitled to recover the amount of the fee (and any applicable any GST or similar tax or duty payable in respect of such fee) from the Scheme as an expense, as outlined in sub-paragraph (b) above.

More information regarding the fees payable by members of the Scheme is set out in the current Investment Statement for the Scheme.

- 8.2 Neither the Trustee, FANZ, the Custodian or promoters, nor an associated person of any of them has had a direct or indirect material interest in the Scheme or in any contract or arrangement entered into on behalf of or in respect of the Scheme at any time during the five years preceding the Registration Date. However, it is noted that:
- a. assets of the Scheme are and may continue to be invested in securities of which the issuer, administration manager or investment manager is the Trustee, FANZ, SBS Bank or an associated person of any of them (see paragraph 8.3); and
 - b. directors and employees of the Trustee, FANZ, SBS Bank, the Custodian and associated persons of any of them may from time to time hold units. As at the Registration Date, Jeffrey Walker, Ross Smith, Derek Young and Graham Duston, directors of FANZ and promoters of the Scheme, and Jeffrey Grant, a director of SBS Bank and promoter of the Scheme, are members of the Scheme.
- 8.3 During the two years preceding the Registration Date more than 10% of the value of the Scheme's assets has been represented directly or indirectly by securities of which the Trustee, FANZ, the Custodian, any promoter or an associated person of any of them was the issuer. As at the Registration Date, the Scheme's cash and fixed interest exposure is primarily obtained through direct investments in unsecured deposits with SBS Bank, and the Scheme's exposure to other asset classes is primarily obtained through investments in various trusts

forming part of the Lifestages Unit Trusts, a suite of unit trusts of which FANZ is the manager and the Trustee is the trustee.

9 Material Contracts

- 9.1 The Scheme Provider Agreement dated 10 May 2007 between FANZ and IRD setting out certain of the terms on which FANZ and the Trustee operate the Scheme and (in particular) how they interact and exchange information with IRD ("SPA") was amended with effect from 1 February 2010. Schedule D of the SPA, relating to Scheme Provider Integration & B2B System Compatibility Testing, was replaced by IRD with the version dated 18 December 2009.
- 9.2 FANZ and SBS Bank entered into a Securities Distribution Agreement dated 27 September 2010 pursuant to which FANZ and SBS Bank agreed that SBS Bank would have ongoing input into the design and operation of the Scheme.
- 9.3 The SPA was further amended by IRD with effect from 1 July 2011. Schedule A, relating to KiwiSaver Trade Mark Licence and KiwiSaver Trade Mark Requirements, was replaced by IRD with the version dated 29 March 2011.
- 9.4 No other material contracts have been entered into in the two years preceding the Registration Date (other than contracts entered into in the ordinary course of business of the Scheme).

10 Pending proceedings

- 10.1 There are no legal proceedings or arbitrations pending as at the Registration Date that may have a material adverse effect on the Scheme.

11 Other terms of offer and units

- 11.1 All terms of the offer and the Scheme being offered (other than terms relating to amounts payable by individual members or terms implied by law) not set out elsewhere in this prospectus are set out in the Trust Deed, a copy of which has been registered with the Registrar of Financial Service Providers and is available for public inspection as specified in section 13 of this prospectus.

12 Financial Statements and Auditor's Report

- 12.1 The most recent financial statements of the Scheme that comply with and have been registered under the Financial Reporting Act 1993 cover the accounting period ended 31 March 2011. Those financial statements were registered with the Registrar of Companies pursuant to section 18 of the Financial Reporting Act 1993 on 20 July 2011.
- 12.2 The date of the auditor's report on the latest financial statements of the Scheme was 30 June 2011. The auditor's report was unqualified and did not refer to any fundamental uncertainty.
- 12.3 No actuarial reports are required to be filed with the Financial Markets Authority in respect of the Scheme.
- 12.4 An auditor's report in respect of this Prospectus is set out on the next page of this Prospectus.

[page holder for KPMG audit report and consent letter page 1]

[page holder for KPMG audit report and consent letter page 2]

13 Places of inspection of documents

13.1 Copies of:

- a. the Trust Deed and any amendments;
- b. any material contracts referred to in section 9 of this prospectus;
- c. the latest annual report for the Scheme; and
- d. the latest financial statements for the Scheme

may be inspected free of charge during normal business hours at the offices of the Trustee or FANZ at the address set out in paragraphs 2.2 and 3.1 respectively. Copies of the Trust Deed, material contracts and the financial statements for the Scheme can also be obtained (on payment of any relevant fee) by telephoning the Ministry of Economic Development Business Service Centre on 0508 266 726, or by viewing the Scheme's file using the "search other registers" function on the Companies Office website at www.business.govt.nz/companies.

14 Other Material Matters

14.1 Except as outlined below there are no other material matters relating to the Scheme.

Risks

14.2 All investments carry risk. There are risks associated with the Scheme that could affect members' ability to recover the amount of their contributions or impact on the returns payable from the Scheme as described in this prospectus. The principal risks applying to the Scheme that could affect returns (and which are common to most KiwiSaver and superannuation schemes generally) are:

- a. *Investment risk:* The risk of a result of negative returns on the Scheme's investments (either generally or in respect of Portfolios in which a member invests). Negative returns could arise from factors such as adverse changes to asset values, changes to transaction costs, the inability of the issuer of an investment to repay that investment or returns on that investment, or the issuer becoming insolvent or being placed in receivership or under statutory management;
- b. *Liquidity risk:* The risk associated with an inability on the part of the Scheme to meet monetary obligations in a timely manner. The risk arises where there is a mismatch between the maturity profile of investments and the amounts required to pay benefits;
- c. *Foreign Exchange Risk:* The risk associated with movements in foreign exchange rates impacting on offshore investments;
- d. *Regulatory risk:* The risk of future changes to tax, KiwiSaver or general superannuation legislation which could affect the operation of the Scheme or members' benefits or entitlement to tax credits, or of the Trust Deed being amended in a manner permitted by law that has the effect of reducing benefits;
- e. *Credit risk:* The risk of the Scheme becoming insolvent and being placed into receivership, liquidation or statutory management or being otherwise unable to meet its financial obligations. If this occurs, members may not recover the full amount of their interest in the Scheme;
- f. *Administration risk:* The risk of a technological or other failure impacting on the Scheme or financial markets in general;
- g. *Tax rate risk:* The risk of the Trustee either over or underpaying tax within the Scheme on behalf of a member as a result of the member providing the wrong prescribed investor rate or not advising of a

change to that rate when it needed to be changed. In the event of an underpayment of tax a member will be obliged to pay the shortfall and additional tax (and potentially penalties or interest) to the IRD, and may need to file a tax return. Where tax has been overpaid as a result of a member submitting an incorrect prescribed investor rate, the overpaid tax cannot be repaid;

- h. *Loss of PIE status risk:* Although FANZ has processes in place to manage compliance with the PIE eligibility requirements, there is a risk that the Scheme 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 members in the event PIE status is lost. If this occurs, the Scheme will revert to the tax status of a widely held superannuation fund taxed at 28%, rather than at a member's own PIR.
- i. *Counterparty risk:* The risk of losses being incurred if a counterparty failed to deliver on its contractual obligations, or experienced financial difficulties (for example, if a bond issuer defaults);
- j. *Fund manager risk:* Decisions made by investment or fund managers are based on a range of variables that are, by their nature, prospective (and therefore there is a risk that such decisions will not always result in positive returns to investors); and
- k. *Winding up risk:* In the event of a winding up of the Scheme, there is a risk that members could receive back less than the amount invested if there were insufficient funds to repay members. Any deferred tax assets that exist would be lost on winding up.

Portfolio Investment Entity Tax

14.3 The Scheme is a Portfolio Investment Entity for income tax purposes. This means that all taxable income, deductible expenses and tax credits attributable to each Portfolio are allocated to members invested in that Portfolio on a pro rata basis, with tax payable by the Scheme that is allocated against each member calculated on the basis of the member's prescribed investor rate.

14.4 As at the Registration Date the prescribed investor rates (PIRs) are:

If your taxable income was ...	And your taxable income plus your PIE income/loss was ...	In the two income years before the relevant tax year for ...	your PIR is ...
\$0 - \$14,000	\$0 - \$48,000	Either year	10.5%
	\$48,000 - \$70,000	Either year	17.5%
\$14,001 - \$48,000	\$0 - \$70,000	Either year	17.5%
\$48,001 or more	Any amount	Each year	28%
Any amount	\$70,001 or more	Each year	28%

14.5 A standard "income year" means the period commencing on 1 April of a given year and ending on 31 March of the following year.

14.6 Members are required to provide FANZ with their IRD numbers and advise the correct prescribed investor rate to use. Members will also need to advise if their correct prescribed investor rate changes. If no rate is provided, members will be given a prescribed investor rate of 28%. If no change is advised when required or the wrong rate is provided, members will have an obligation to pay any tax shortfall (and potentially interest or penalties) and may need to file a tax return, or may have more tax deducted in respect of their units than is necessary. Where tax has been overpaid it cannot be recovered.

Member Tax Credits

14.7 A member will qualify to receive a Government tax credit contribution each year to supplement his or her own contributions to the Scheme if he or she meets the relevant requirements of the Income Tax Act 2007.

14.8 As at the Registration Date, the amount of the Government tax credit is calculated in accordance with a statutory formula based upon the member's contribution to the Scheme and any complying superannuation

funds the member contributes to for the member credit year and the number of days in the year on which the member meets the relevant requirements. As at the Registration Date, the Government tax credit matches member contributions at a rate of 50 cents for every dollar contributed by the member, capped at a maximum Government tax credit of \$521.43 per year (approximately \$10 per week).

- 14.9 The member tax credit will be paid annually and will be allocated pro rata in accordance with the member's current Portfolio selection (or to the Default Portfolio, if applicable) or as required by the Income Tax Act 2007. If a member is a member of one or more complying superannuation funds, as well as the Scheme, the tax credit will be spread across the Scheme and those fund(s) in accordance with legislative requirements.
- 14.10 Tax credits cannot be withdrawn as part of a first home purchase or significant financial hardship benefit. In addition, a claw-back of the tax credit applies in the case of permanent emigration other than a transfer to an Australian complying superannuation scheme, once permitted, the effect of which is to require the Trustee to repay to the Commissioner of Inland Revenue the lesser of the amount of tax credits paid in respect of the member, or the amount of the member's "member accumulation" within the meaning of the Act.
- 14.11 As the rules for the payment of the tax credit are prescribed by law (rather than by the Trust Deed), the rules relating to tax credits are subject to any changes in those laws.

Tax Advantages

- 14.2 Investing in a PIE can provide tax advantages to members relative to direct individual investment. Capital gains made on investments in New Zealand shares, and most listed Australian shares and unit trusts, will not be taxable to the Scheme (or the members) irrespective of the level of trading undertaken. In addition, because the prescribed investor rates at which tax is paid on the Scheme's income are capped at 28%, and no other tax is generally payable by individual members, there can be tax advantages for members on higher marginal tax rates.

Tax Legislation

- 14.13 Tax legislation is complex and may have different or further consequences than those described in general terms in paragraphs 14.3 to 14.12 above. Tax legislation may also change. Members should seek independent professional tax advice before investing or withdrawing.

Employer Contributions

- 14.14 Employers, in most circumstances, are required to make contributions to KiwiSaver schemes in respect of their employees who are members. Under current law, the compulsory employer contribution is 2% of an employee's gross salary or wages. Employers may contribute additional amounts to KiwiSaver schemes in respect of their employees who are members. The Government has announced that it intends to increase the current 2% compulsory employer contribution to 3% from 1 April 2013.

Disputes handling

- 14.15 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.

KiwiSaver restructure

- 14.16 The KiwiSaver Amendment Act 2011 was passed on 18 April 2011 and amends the Securities Act 1978 to provide for the manager of a retail KiwiSaver scheme to be the 'issuer'. Once this has been given effect, this means that FANZ will be primarily responsible for the statements made in prospectuses, investment statements, and advertisements, rather than the Trustee as at present. FANZ will also owe a legal duty of care to members, and will be required to act in their interests.

14.17 The KiwiSaver Amendment Act 2011 contains transitional provisions that allow FANZ and Trustee to amend the Trust Deed and restructure the Scheme to reflect these new requirements at any time before 1 October 2012. As at the Registration Date, the Scheme has not been restructured to reflect these changes, and FANZ and Trustee have not formally determined when that restructure will occur.

15 **Superannuation Trustee's statement**

15.1 The directors of the Trustee, after due enquiry by them, are of the opinion that:

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

has not materially and adversely changed during the period between the 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 Trustees Executors Limited:

J B Bolger

P R S Hocking

D K Gupta

P A Metz

This prospectus has been signed for Funds Administration New Zealand Limited as promoter:

Funds Administration New Zealand Limited by:

Director *S Dunstan*

Director *D Young*

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

Southland Building Society under its common seal:

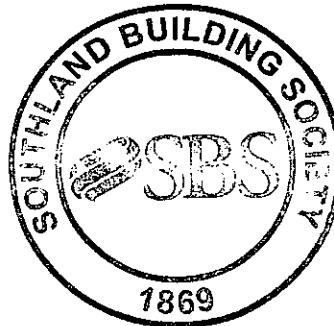
In the presences of:

Signature of Director

Name of Director *Jeffrey James Grant*

Signature of Director

Name of Director
Signature




Signature of Secretary *JWA Smith*
Name of Director


Name of Secretary Director *JF Ward*


This prospectus has been signed by or on behalf of each of the directors of Funds Administration New Zealand Limited and Southland Building Society as promoters:

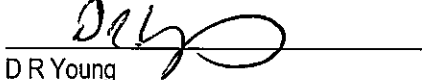
Funds Administration New Zealand Limited:


G D Duston

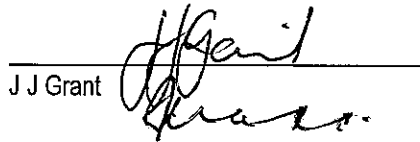
G J Mulvey


R L Smith


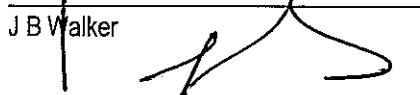
J B Walker


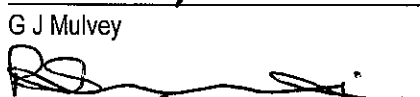
D R Young


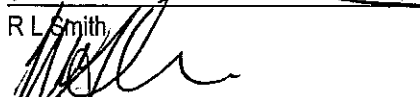
Southland Building Society:


J J Grant


J F Ward


J B Walker


G J Mulvey


R L Smith


J W A Smith


K J Ball


F E Spencer
