

Investment Statement for Lifestages Income, Mortgage (Distributing), Australasian Equity and World Equity Portfolios

Prepared on 1 April 2010

Funds Administration New Zealand Head Office: 51 Don St, PO Box 835, Invercargill, New Zealand. Tel: 64 3 211 0700, Fax: 64 3 211 0754

IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be on the pages noted below:

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

Engaging an investment adviser

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

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

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

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and

- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

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

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

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

This document is an investment statement for the purposes of the Securities Act 1978.

What sort of investment is this?

The Lifestages Portfolios are unit trusts established under the Unit Trusts Act 1960. The principal purpose of the Lifestages Portfolios is to provide investors with a choice of competitive income and capital producing investment opportunities.

The Lifestages Portfolios described in this investment statement (each a "Lifestages Portfolio") are:

- Lifestages Income Portfolio
- Lifestages Mortgage Portfolio (Distributing)
- Lifestages World Equity Portfolio
- Lifestages Australasian Equity Portfolio

By purchasing units in a Lifestages Portfolio you are pooling your investment with other investors. In doing so, you gain access to a wider range of wholesale investments than would be possible for most investors. Each Lifestages Portfolio is divided into units. Your investment in a Lifestages Portfolio is used to purchase units in that Lifestages Portfolio. Unit values fluctuate according to the changing value of the underlying assets in which the relevant Lifestages Portfolio is invested.

The Lifestages Portfolios provide access to a mix of asset classes, investment styles and investment managers. Whether you need income investments or are seeking investments that are focused on long term capital growth, there is a Lifestages Portfolio that is suitable for you.

The Lifestages Income Portfolio accesses a diversified range of New Zealand and international cash and fixed interest investments. The type of investments will include bank bills, bonds, commercial paper, mortgages, mortgage and mortgage backed securities, cash and equity securities and derivatives. Investment guidelines exist to limit the exposure to individual issuers, industries and countries.

The Lifestages Mortgage Portfolio (Distributing) invests in registered first mortgages over residential, commercial and rural property and New Zealand cash. The underlying mortgages, cash and fixed interest securities of the Lifestages Mortgage Portfolio (Distributing) are managed by the Southland Building Society (SBS). SBS became a registered bank on 7 October 2008.

The Lifestages Australasian Equity and World Equity Portfolios access New Zealand cash and Australasian and international equities respectively. These portfolios are suitable for investors who have a time frame of more than seven years.

Details of the current underlying investment managers and investment processes used by the Lifestages Portfolios can be found in the appropriate Lifestages Fund Fact Sheet.

Who is involved in providing it for me?

The Lifestages Portfolios are unit trusts that commenced operation in April 2002 within a master unit trust called the Lifestages Unit Trusts.

The Lifestages Portfolios provide investors with an ability to pool their funds and gain access to a wide range of wholesale investments, and were all established pursuant to individual Establishment Deeds, dated as follows:

- Lifestages Income Portfolio – 3 June 2003

- Lifestages Mortgage Portfolio (Distributing) – 1 April 2002
- Lifestages World Equity Portfolio – 3 June 2003
- Lifestages Australasian Equity Portfolio – 1 October 2004.

The Manager and issuer

Funds Administration New Zealand Limited (FANZ)
51 Don Street,
Invercargill 9810.

FANZ is a subsidiary of SBS. SBS does not guarantee the securities described in this investment statement. Under the trust deed relating to the Lifestages Portfolios (Trust Deed), FANZ and its related parties may hold units in the Lifestages Portfolios and it is intended that they do so.

FANZ has appointed Trustees Executors Limited (TEL) to provide certain registry and custodial services to the Lifestages Portfolios. The custodial services are carried out by TEL's custodian, T.E.A. Custodians Limited. The address for these purposes is PO Box 409, Wellington 6140.

The Trustee

Trustees Executors Limited,
Level 5,
10 Customhouse Quay
Wellington 6011.

How much do I pay?

You may investment in one or more of the Lifestages Portfolios by lump sum investment or by contributing on a regular basis. The minimum amounts for investment are outlined in the following table. There is no restriction on the maximum amount you can invest and you are not required to make payments on any specified date or at any specified frequency.

| Lump Sum | |
|-------------------------------|-------|
| Minimum Initial investment | \$500 |
| Minimum additional investment | \$500 |
| Regular Savings | |
| Minimum monthly investment | \$100 |

Lump sum and regular contributions can be made by completing the application form accompanying this investment statement and returning it to TEL or any branch of SBS. Payments can be made by cheque (made payable to the Lifestages Portfolios and crossed "not transferable") and sent to TEL, Level 5, 10 Customhouse Quay, PO Box 409, Wellington 6140.

If you wish to make regular investments to your Lifestages Portfolio, you will need to complete an automatic payment form. On the automatic payment form you will need to nominate the account from which you wish your funds to be withdrawn. The regular investment amount will be deducted from your account on the 5th day of each month unless otherwise requested by you. You can increase, reduce (subject to minimum payment levels), or suspend your regular contributions at any time. The Lifestages

Portfolios are divided into units. Each Lifestages Portfolio has its own Issue Price and Unit Value. The Issue Price is what you pay for your own units in your chosen Lifestages Portfolio. The Unit Value is what you will receive for your units when you withdraw your investment less any tax that is deducted. The Issue Price and the Unit Value vary in line with the value of the underlying investments in each Lifestages Portfolio.

The Lifestages Portfolios are currently valued on a weekly basis (every Thursday) and the Unit Value for a Lifestages Portfolio reflects the value of the underlying assets of that Lifestages Portfolio less fees, liabilities, and tax other than PIE tax. The Issue Price and Unit Values are recalculated each Thursday and apply to all transaction requests received from the previous Thursday onwards. The dollar value of a Unit Holder's investment in a Lifestages Portfolio is therefore always based on the previous Thursday's Unit Value. Once your application has been accepted, units will be allocated to you on the Thursday immediately following the receipt of your investment in the Lifestages Portfolio(s) within 14 days of making your investment.

What are the charges?

The current fees are set out in the charts below:

| Fee | Lifestages Income Portfolio | Lifestages World Equity and Australasian Equity Portfolios |
|----------------------------------|---|--|
| Entry Fee | Up to 2.5% | Up to 5% |
| Management Fee | 0.65% pa plus GST of 0.008% | 1.25% pa plus GST of 0.016% |
| Management Fee – performance fee | 10% plus GST of the Portfolio's return in excess of the base performance target | 10% plus GST of the relevant Portfolio's return in excess of the base performance target |
| Trustee Fee | Up to 0.10% pa plus GST of up to 0.01% | Up to 0.10% pa plus GST of up to 0.01% |
| Switching Fee | There are no Switching Fees | There are no Switching Fees |
| Exit Fee | There are no Exit Fees | There are no Exit Fees |

| Fee | Lifestages Mortgage Portfolio (Distributing) |
|----------------|--|
| Entry Fee | Up to 2.5% |
| Management Fee | Up to 1.25% pa plus GST of 0.016% |
| Trustee Fee | Up to 0.10% pa plus GST of 0.01% |
| Switching Fee | There are no Switching Fees |
| Exit Fee | There are no Exit Fees |

The entry fee (if applicable) is calculated on your initial and each subsequent investment in the Lifestages Portfolios and is paid by the Manager as commission to your financial adviser. If you do not use a financial adviser and make the application through SBS, then SBS will receive the commission.

The Management Fee is charged on the gross asset value of each Lifestages Portfolio. The Management Fee is calculated daily and payable monthly from the Lifestages Portfolios. The Manager is required to account for GST in relation to 10% of the services it provides to the Lifestages Portfolios. The amount of GST (rounded to three decimal places) is set out above. The Manager can alter the Management Fee by giving 30 days written notice to Unit Holders. There is no limit to the amount of the Management Fee in respect of the Lifestages Mortgage Portfolio (Distributing) nor by how much it may be increased. Unless otherwise agreed by the Trustee and the Manager, the Management Fee in respect of the Lifestages Income Portfolio and the Lifestages World Equity Portfolio cannot be increased above 5% of the gross asset value of the relevant Portfolio. The Management Fee in respect of the Lifestages Australasian Equity Portfolio cannot be increased above 5% of the gross asset value of that Portfolio.

The performance fee for the Lifestages Income Portfolio, Lifestages Australasian Equity Portfolio, and Lifestages World Equity Portfolio involves a daily calculation of the annualised performance of the relevant Lifestages Portfolio (on a pre-fees and before tax basis) against the relevant base performance target. The relevant base performance target is the Reserve Bank Official Cash Rate (OCR) over the course of each quarter, plus 1% per annum in the case of the Lifestages Income Portfolio, or plus 2% per annum in the case of the Lifestages World Equity Portfolio and Australasian Equity Portfolio.

Any resulting performance fee in respect of the relevant Lifestages Portfolio is payable quarterly in arrears, within one week of the end of the quarter. No rate of return, whether in excess of the OCR or otherwise, is promised or guaranteed in respect of any of the Lifestages Portfolios.

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

The Trustee Fee is calculated on the gross asset value of each Lifestages Portfolio. The Trustee Fee is calculated daily and paid from the Lifestages Portfolios. In addition to its fee, the Trustee is entitled to receive GST in respect of its fee calculated at 12.5% on 75% of its fee. The amount of GST (rounded to two decimal places) is set out above. The Trustee can alter the Trustee Fee by giving

one month's notice to unit holders. There is no limit to the amount of these fees nor by how much may they be increased.

The Manager has appointed TEL to provide certain registry and custodial services to the Lifestages Portfolios.

There is currently no charge for switching. The Trust Deed provides that the Manager can charge a Switching Fee and alter such fee from time to time.

There is currently no Exit Fee. The Trust Deed provides that the Manager may charge an Exit Fee of up to 5% of the amount withdrawn.

Expenses

The Trustee and Manager are entitled to be reimbursed out of the Lifestages Portfolios for all expenses or liabilities incurred by them acting as Trustee (and in the case of its appointment to perform certain registry and custodial services, investment and other expenses, costs and liabilities in respect of those services) and Manager, respectively.

These reimbursements are normally reflected in the Issue Price and the Unit Value of the units in the Lifestages Portfolios, or taken into account, or deducted when allocating earnings. Where they have not been included in the calculation of the Issue Price or the Unit Value, your share of the fees and expenses may be deducted from the balance of your investment. There is no limit to the amount of these expenses.

Brokerage

The Manager may pay an annual service fee of up to 0.50% per annum of the amount invested to the firm that placed the initial amount invested. This annual service trail fee is paid out of the Manager's Management Fee, not the Lifestages Portfolios. While independent advisers may accept service trails, none of them are acting as an agent of SBS or FANZ.

What returns will I get?

Returns to the investors in a Lifestages Portfolio arise through the appreciation in the value of the Lifestages Portfolio's assets and from income distributions that may be made from time to time at the Manager's discretion. The occurrence and frequency of such income distributions and the policy in respect of distributions are set and may be varied at the discretion of the Manager.

At the date of this investment statement it is intended that the Lifestages Portfolios described in this investment statement, other than the Lifestages Mortgage Portfolio (Distributing), will not make income distributions.

Quarterly distributions are currently made from the Lifestages Mortgage Portfolio (Distributing) at the end of March, June, September and December.

Trustee Executors Limited as Trustee is the person legally liable for paying any investment returns to investors.

The Issue Prices and Unit Values vary in line with the underlying investments in each Lifestages Portfolio. The higher the weighting towards growth assets, the higher the potential risk and return of the relevant Lifestages Portfolio over time. Because the rate of return fluctuates for each Lifestages Portfolio, no particular amount of return is promised in respect of the Lifestages Portfolios. The key factor that determines the returns is the investment performance of the underlying investments in each Lifestages Portfolio. This in turn is affected by interest rates and other general economic indicators such as inflation and the state of the financial markets. Exchange rate fluctuations may also affect investments that are made in foreign currencies. The fees and taxes payable also affect the rates of return. Investments can go down as well as up.

Any income received by a Lifestages Portfolio will be reflected in the Unit Value of the relevant Portfolio.

Neither the Trustee, the Manager nor any other person warrants, represents or guarantees any return or that you will not suffer losses.

The date your capital will be returned to you is unknown as at the date of this investment statement as it depends on when you decide to redeem your units in the Lifestages Portfolios.

Subject to the Trust Deed, the Manager is entitled to suspend the redemptions of units in a Lifestages Portfolio for a period up to three months (or longer if the Trustee agrees to an extension – there is no limit to the length of an extension the Trustee may agree to) if the Manager determines that it would be materially prejudicial to the interests of any unit holder to redeem their units because of the occurrence or existence of a prescribed circumstance or event relating to the relevant Lifestages Portfolio.

TAX

Tax affects the returns of the Lifestages Portfolios. The following is intended as a general guidance and is based on legislation current at the date of this investment statement. It is important that you seek personalised tax advice from your taxation adviser. Neither the Manager, the Trustee, nor any of their respective directors, nor any other person takes any responsibility for the taxation liability of investors.

Interests in the Portfolios

The Portfolios are each a portfolio investment entity (PIE). This allows the Manager to pay tax on behalf of members.

The Manager calculates and pays tax on behalf of Unit Holders in respect of income allocated to them in the Lifestages Portfolio at one of the following prescribed investor rates:

- 12.5% if the member is a New Zealand resident individual and his or her taxable income (other than PIE income) was \$14,000 or less and his or her combined taxable and PIE income was \$48,000 or

less in either of the previous two income years.

- 21% if the member is a New Zealand resident individual and:
 - his or her taxable income (other than PIE income) was \$14,000 or less and his or her combined taxable and PIE income was more than \$48,000 but not more than \$70,000 (and they do not qualify for the 12.5% rate) in either of the previous two income years; or
 - his or her taxable income (other than PIE income) was more than \$14,000 but not more than \$48,000 and his or her combined taxable and PIE income was \$70,000 or less in either of the previous two income years.
- 30% if the member is a New Zealand resident individual and:
 - his or her taxable income (other than PIE income) was more than \$48,000 in both the previous two income years;
 - his or her combined taxable and PIE income was more than \$70,000 in both the previous two income years; or
 - has not provided an IRD number or has not elected a prescribed investor rate of 12.5% or 21%.
- 30% if the member is non-resident.
- 0%, 21%, or 30% for all trusts, at their choice, and also 12.5% for testamentary trusts who so choose.
- 0% for companies and charitable trusts.

Members are required to provide FANZ with their IRD number and tell FANZ the correct prescribed investor rate to use. Each member is also required to advise FANZ if his or her correct prescribed investor rate changes. If a member does not advise FANZ of a change, or provides the wrong rate, the member may have an obligation to file a tax return and pay further tax, as well as penalties and interest.

The Lifestages Portfolio in which you have invested will cancel units equivalent in value to the amount of the tax liability at that applicable prescribed investor rate.

Each 31 March and upon a full withdrawal from the Lifestages Portfolios any tax liability attributed to a member will be met by way of cancellation of units. If a member partially withdraws and leaves units of insufficient value to cover the accrued liability, then this will be treated as a full withdrawal. FANZ will also consider any potential future market movements when determining whether remaining units are of insufficient value. For this purpose, switches and transfers are treated as withdrawals.

The tax paid on income attributed to New Zealand resident individuals and non-resident members by the Portfolios will be a final tax unless the member fails to advise a prescribed investor rate change from 12.5% or 21% to 30% or advises FANZ that his or her prescribed investor rate is 12.5% or 21% when it should be 30%. Members who have a 0% prescribed investor rate and trusts that elect 12.5% or 21% must include PIE income/loss allocated to them in their own income tax returns and can claim a credit for

any tax paid on their behalf by the Portfolios. Where the tax paid is a final tax no obligation to file a tax return for a member's investment in the Portfolios will generally arise.

As at the date of this investment statement, income from the Portfolios attributed to a member will also have no impact on family assistance eligibility, student loan repayment obligations or child support payment obligations.

The income of each Lifestages Portfolio includes interest from the bank account in which tax payments deducted are held pending payment to the Inland Revenue Department less any costs associated with the operation of that account. This account will be managed at registry level, external to the Lifestages Portfolios, by the Trustee.

Investments made by the Portfolios

Gains or losses made on New Zealand resident companies or Australian resident companies on an approved index of the Australian Stock Exchange (ASX) which meet certain other criteria and certain Australian unit trusts are not taxable or deductible. The PIE regime is designed to pass through these benefits to members where the Portfolios invests in other unit trusts that are PIEs.

Other international shares and offshore funds held by the Lifestages Portfolios are taxed under a Fair Dividend Rate (FDR) method of 5% per annum of their daily market value. Dividends received by the Lifestages Portfolios from shares and funds subject to FDR are non taxable but foreign tax credits may be available to offset tax payable.

Certain international shares (those offering guaranteed or fixed rate returns or that are 80% or more invested in financial arrangements or fixed rate shares that are denominated in or hedged to NZD or determined by the IRD to be debt in economic terms) are taxed under the comparative value method, i.e. annual change in market value plus distributions.

Debt securities are taxed under the financial arrangement rules on an accrual basis (mark to market or fair market value).

The above comments are summarised and general comments only, and are based on current New Zealand tax law as at the date of this investment statement. Tax legislation is complex and subject to change and may have different or further consequences than those described. In addition, the levels and basis of taxation may change. Members should consult their own independent tax adviser before investing or withdrawing.

What are my risks?

The Lifestages Portfolios provide investors with the opportunity to access a range of portfolios with varying risk return profiles. For example, an investment in the Lifestages Income Portfolio is considered lower risk because of the nature of their underlying

investments (mortgages, cash and fixed interest). In contrast, the Lifestages Australasian Equity and World Equity Portfolios can be considered high risk in nature because the value of the Portfolios underlying investments may experience short-term volatility due to the underlying assets classes they invest in (currently both have 95% in equities and 5% in fixed interest assets).

The Lifestages Income Portfolio is lower risk than the Lifestages Australasian and International Equities Portfolios. The Lifestages Income Portfolio is designed to produce a stable return. However, in a significant market downturn returns could be negative or insufficient to cover the fees incurred. There may insufficient income to meet your expectations. The Lifestages Income Portfolio manages this risk by hiring a team of skilled and experienced investment managers to manage the position as well diversifying across a range of investments issued by financial organisations from different industries and issuers.

Investment risk encompasses the chance of losing some or all of your investment and the possibility that investment returns may be negative as well as positive. This potential up and down movement of investment values is called "volatility" which generally increases the higher the percentage of the Lifestages Portfolio that is invested in growth or equity investments.

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

- Economic political or market conditions in a country that affect share prices or interest rates, therefore affecting a Lifestages Portfolio value that is invested in assets in that country.
- A company in which a Lifestages Portfolio holds shares becomes insolvent and the shares become worthless.
- If a Lifestages Portfolio is invested overseas, changes in foreign exchange rates can affect the value of its overseas investments. The Manager will seek to minimise the risk through a hedging strategy.
- Different risks are also associated with investing in index and active investment funds. With index funds, the investment manager can only buy or sell shares represented on the index being tracked. The investment manager has no discretion to dispose of a company's shares even if the price is falling, unless the company is removed from the index. As at the date of this investment statement none of the Lifestages Portfolios are invested in index funds, although exposure to index funds may occur in the future. With actively managed funds, the investment manager has some discretion within specified ranges of investment. Investors are also exposed to the

investment style of each active fund manager. As the Lifestages Portfolios invest in a diversified range of countries and markets, risk is minimised.

- With fixed interest and mortgage securities there is a risk that the issuer or borrower may default on either interest or debt repayments, adversely affecting the Portfolio's returns. The Lifestages Mortgage Portfolio (Distributing) invests in a portfolio of mortgages managed by SBS. If any mortgagor defaults on either their interest or capital repayment obligations and the amount realised on a sale of the mortgaged property was insufficient to cover their debt, then investments in this fund could lose value. The Lifestages Portfolios also invest into unsecured interest bearing deposit investments. The principal risk of investing in cash deposits 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 risk associated with the inability on the part of the portfolios to meet monetary obligations in a timely manner. The Manager manages this risk by investing principally in investments which can normally be realised reasonably quickly.
- The risk that borrowers or issuers of fixed interest investments may default on either interest or debt repayments adversely affecting the returns of the Lifestages Portfolios. Also if interest rates rise, fixed interest investments will lose value, because of the way that interest rate movements affect debt securities.

The risk that you provide an incorrect personal investor rate, meaning you may have to file a tax return and pay further tax on your investment as well as penalties and interest, if the rate you provide is too low. If you provide too high a rate, you may have more tax deducted from your investment than is necessary and it may not be refundable. If the member is a trust that chooses a prescribed investor rate of 12.5% or 21% and is attributed a loss, that loss cannot be included in the trust tax return.

If the value of underlying investments fall, if there are negative returns in any of the Lifestages Portfolios in which you have invested or if there are adverse changes in the law affecting any of the Lifestages Portfolios, you may not receive any returns and it is possible that on withdrawal you may receive less than the amount you paid in. If you paid an Entry Fee and withdrew your investment shortly after you invested it is likely you would receive back less than your original investment. You would also receive back less than your original investment if the Lifestages Portfolio was wound up and there were insufficient funds to pay back all your investment. You will not be required to pay more than the full purchase price of your units.

Consequences of Insolvency

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

Winding up

A Lifestages Portfolio will terminate:

- If the Manager gives not less than three months written notice of termination to Unit Holders.
- If an Extraordinary Resolution of the Unit Holders of the Lifestages Portfolio resolves to wind up;
- If the Minimum Holding for a Lifestages Portfolio (currently \$50,000) has ceased to be maintained and the Manager determines to wind up the Lifestages Portfolio;
- On the expiration of 80 years less two days from the commencement date of the Portfolio.

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

- Notify the Unit Holders of the Lifestages Portfolio;
- Sell the assets of the Lifestages Portfolio;
- Pay (or otherwise make provision for) the liabilities of the Lifestages Portfolio including secured and unsecured creditors, trustee and management fees and expenses; 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 Lifestages Portfolio in proportion to the number of units held by each of them. All Unit Holders' claims on the assets of a Lifestages Portfolio on wind up rank equally with each other.

Can the investment be altered?

You may:

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

You should refer to the sections "What returns will I get?" and "What are the charges?" before making a decision to alter your investment and for further details on any restrictions that might apply.

FANZ may:

- establish new portfolios; and
- wind up the Lifestages Portfolios, and

- in certain circumstances suspend the redemption of units in the Lifestages Portfolios.

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

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

The Trustee and Manager may at any time make any alteration, modification, variation or addition to the provisions of the Trust Deed if the amendment is minor or technical, not prejudicial to the interests of investors generally, authorised by an extraordinary resolution, or if the amendment is necessary or desirable to reflect any changes to the law governing unit trusts or if FANZ gives investors three months written notice.

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

The Manager may:-

- with the agreement of TEL, alter the minimum investment, withdrawal and account balance requirements;
- with the agreement of TEL, alter the dates for the distribution of income (if appropriate);
- vary the expenses provision and by agreement with TEL introduce or vary a Trustee or Manager's fee; and
- cease to issue units in the Lifestages Portfolios.

How do I cash in my investment?

You can withdraw part or all of your investment at any time by completing the withdrawal form and returning it to a branch of SBS or to TEL. The minimum partial withdrawal must be for at least \$100. If a withdrawal would reduce the value of your remaining unit holding below \$500, all units must be withdrawn.

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

Investors in the Lifestages Mortgage Portfolio (Distributing) have a regular withdrawal option whereby they can request a regular monthly withdrawal from the Portfolio subject to a minimum monthly payment of \$100 and provided that the total amount withdrawn over any 12 month period (commencing on the date of your initial investment) may not exceed 25% of the initial lump sum invested and any

subsequent investments made by the investor to that Portfolio.

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

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

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

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

Who do I contact with enquiries about my investment?

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

The Executive Director
Funds Administration New Zealand
PO Box 13801
Christchurch 8141

Phone 0800 502 442
Facsimile: (03) 963 4915

Is there anyone to whom I can complain if I have problems with the investment?

All problems or complaints should be initially directed to:

The Executive Director
Funds Administration New Zealand,
PO Box 13801
Christchurch 8141.

Phone 0800 502 442
Facsimile: (03) 963 4915

In the event of this proving unsatisfactory, the Trustee can be contacted directly at Trustees Executors Limited, Level 5, 10 Customhouse Quay PO Box 3222, Wellington 6011, by calling (04) 495 0999, or by e-mail to corp.trust@Trustees.co.nz

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.

What other information can I obtain about this investment?

Prospectus and Financial Statements

Additional information about the Lifestages Portfolios is contained in the Prospectus, Annual Report and the financial statements for the Lifestages Portfolios. A copy of the prospectus and the most recent Annual Report and financial statements will be available for inspection and can be obtained by contacting any office of SBS and TEL between the hours of 9am and 5pm weekdays. Copies of the registered prospectus and financial statements are free of charge.

Copies of the Lifestages Portfolios Trust Deeds and any amendments can be obtained on payment of any prescribed fee. Alternatively, the prospectus, financial statements, and other documents relating to the Lifestages Portfolios are filed on a public register at the Companies Office at the Ministry of Economic Development and are available for public inspection for the prescribed fee by telephoning the Ministry of Economic Development Business Service Centre on 0508 266 726, or by searching the Lifestages Portfolios' files on the Companies Office website, www.companies.govt.nz.

Additional information

You will also receive:

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

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