



lifestages 

*Lifestages KiwiSaver Scheme
Investment Statement*




KiwiSaverTM
Poua he Oranga

important information

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

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

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on 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 one or more particular financial institutions; and
- Information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- Any relationships likely to give rise to a conflict of interest.

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

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

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

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

This investment statement is prepared at 1 April 2011. There is a registered prospectus containing the offer of securities to which this investment statement relates.

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.

“money”

We know that a sum of money is more than just a number. It represents a 'nest egg' that will result in the fulfilment of hopes and dreams at various stages of your life.



“you can
get ahead”

three
ways

1.

wait to strike it

“rich”

2.

“marry
money”



3.

“or invest in
a scheme like
the Lifestages
KiwiSaver
Scheme”

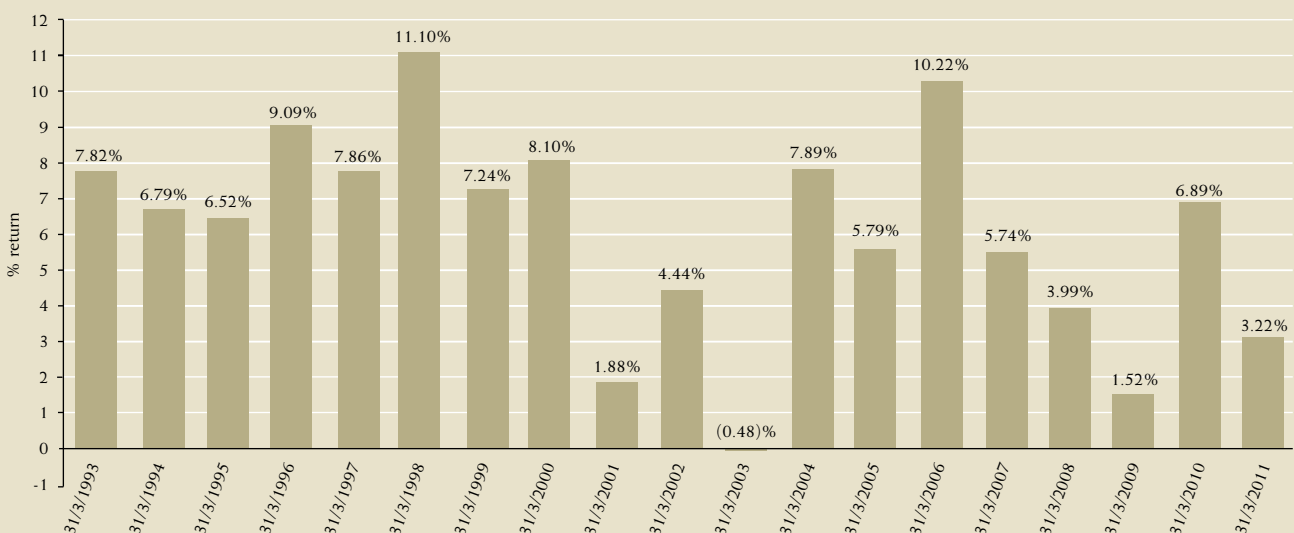
“based on a track record of success”

The Lifestages Capital Stable Portfolio has, since its inception in July 2007, operated with the same investment process and asset allocation as the Lifestages Superannuation Scheme. That asset allocation continues to form the basis of the Lifestages Capital Stable Portfolio.

The Lifestages Superannuation Scheme has a strong record of maintaining capital irrespective of market ups and downs and is most suitable for investors who are seeking competitive returns over the long term but without capital volatility. It was the winner of the Diversified Defensive Fund Manager of the Year Awards by research house, Fund Source, in 2002 and was runner up in the same category in 2003. When one considers that the period since inception covered the September 11 terrorism attacks, the dot-com crash and the 'Credit Crunch', this provides a good indication of how that portfolio fared in extreme markets (although it is not an indication of how it would perform in extreme markets in the future).

We launched the Lifestages Growth Portfolio on 1st October 2009 which is most suitable for investors seeking to grow their capital. You can also invest in a combination of the Lifestages Capital Stable and Growth Portfolios to produce a 'Balanced Portfolio' of investments with a 50/50 Income/Growth mix.

*Pre-Tax and After Fee Annual Returns for 19 Years to 31 March 2011**



* Performance information shown for the Lifestages Superannuation Scheme from 1 April 1992 to 31 March 2008 and for the Lifestages KiwiSaver Scheme/Lifestages Capital Stable Portfolio from 1 April 2008 to 31 March 2011. For the six month period from 1 October 2007 to 31 March 2008 the Lifestages KiwiSaver Scheme recorded a return of -0.17%. The performance of the Lifestages Growth Portfolio differs.

Investors should be aware that the future performance of either investment portfolio in the Lifestages KiwiSaver Scheme may not reflect the historic performance of the Lifestages KiwiSaver Scheme or the Lifestages Superannuation Scheme and that the investment options and strategies of the schemes or investment portfolios may change in the future. Repayment of any capital or any particular rate of return are not guaranteed.

The Lifestages KiwiSaver Scheme works on a simple premise: whatever stage of life you are at there is an investment offering designed to meet your needs.

“ it's that simple ”

Through the Lifestages KiwiSaver Scheme we aim to provide you with a mix of asset classes, investment styles and investment managers.

The Lifestages KiwiSaver Scheme delivers a range of elegant investment options to meet your changing investment needs.

One decision provides you with an investment portfolio with the appropriate asset allocation, diversification and flexibility to meet your life stage and needs, and it's easy to change your portfolio mix as your life stage and needs change.

ASSET ALLOCATION

The Lifestages KiwiSaver Scheme offers two investment portfolios with a range of various benchmarks or allocations to different asset classes i.e. Fixed Interest, Equities). You can choose one of these portfolios or blend them together to get the right asset allocation that will suit your needs and goals.

The Lifestages KiwiSaver Scheme accesses some of the world's leading investment management organisations. We employ a multi-manager, multi-style investment philosophy that accesses some of the leading investment management firms in New Zealand and from around the world.

This approach recognises that investment styles move in and out of favour with the market and even the best investment managers do not stay 'on top' for extended periods of time.

Manager Profiles

1. NEW ZEALAND FIXED INTEREST

Fund Administration New Zealand Limited manages the New Zealand Fixed Interest and Cash allocations of the Lifestages KiwiSaver Scheme. Investments in this sector are invested with leading Building Societies such as SBS Bank. Investments in this sector are invested in the shorter end of the yield curve and do not take long term duration risk. The philosophy of investments in this sector is to provide stable, long term cash flow without capital volatility.

2. AUSTRALASIAN EQUITIES

BlackRock – Australian Equities

BlackRock is the world's largest asset management firm with FUM as at 30th June 2010 at US \$3.15 trillion. BlackRock manages a core Australian Equity mandate for the Lifestages KiwiSaver Scheme which is designed to provide exposure to the leading stocks listed on the ASX.

Milford Asset Management (Milford) – Australasian Equities

Milford is a leading New Zealand based investment manager which has over \$500m of FUM. Milford manages an index unaware Australasian Equity mandate for the Lifestages KiwiSaver Scheme and is able to make active decisions on what stocks to hold in their mandate.

3. INTERNATIONAL EQUITIES

The Lifestages KiwiSaver Scheme uses a combination of investment managers that have different investment styles and philosophies in this asset class. The Lifestages KiwiSaver Scheme has a strategic currency position of 50% hedged and 50% unhedged.

BlackRock – Core International Equities

BlackRock is the world's largest asset management firm with FUM as at 30th June 2010 at US \$3.15 trillion. BlackRock manages a core

International Equity mandate for the Lifestages KiwiSaver Scheme which is designed to provide exposure to the leading stocks listed on the world's equity markets.

Russell

Russell is one of the world's leading investment services firms and advises clients on investments of approximately NZ \$1.1 trillion. Russell is expert in managing a multi-manager, multi-style international equity proposition.

The managers accessed by Russell are as follows;

MFS: Focuses on high quality large cap companies with sustainable growth, high free cash flow generation and attractive valuations.

Arrowstreet Capital: Is a quantitative specialist that seeks to exploit behavioural and information inefficiencies through sophisticated computer-based techniques.

Delaware: Delaware's investment strategy combines active, bottom-up company research with top-down market analysis. Their investment team follows an intrinsic value based approach to emerging market equities emphasising value, but not at the expense of quality or growth.

Goodman: Goodman is a high rated, momentum/growth-driven manager whose global strategy primarily emphasises the identification of companies representing "new leadership". Their investment process seeks to identify companies poised to become or maintain a dominant position in their respective industries.

Harris Associates: Is a value manager looking for under valued companies that are of above average quality with good prospect of recovery.

Tradewinds: Looks for companies that have become severely under valued due to market misperceptions, over reactions or investors' fixations on short term results.

T.Rowe Price: Looks to own strong franchises with above average, medium term growth prospects.

Note: The information on this page is current as at 1 April 2011 and may change without notice to members. For information on the current managers accessed via the Scheme at any time please refer to your adviser or call us.

What sort of investment is this?

The securities offered in this investment statement are interests in the Lifestages KiwiSaver Scheme ("the Scheme"). The Scheme is established under the trust deed for the Lifestages Long-Term Savings Schemes, dated 30 April 2007 ("Trust Deed").

Trustees Executors Limited ("the Trustee") is trustee of the Scheme. Funds Administration New Zealand Limited ("FANZ") is the "sponsor" of the Scheme and has also been appointed its administration manager and investment manager. The Southland Building Society ("SBS Bank") and its directors are promoters of the Scheme.

The Scheme is a registered KiwiSaver scheme under the KiwiSaver Act 2006 ("the Act") and is a trust principally for the purpose of providing retirement benefits directly or indirectly to natural persons. As a KiwiSaver scheme, the Scheme is subject to the Act and certain other laws and agreements. In this investment statement these are referred to as the "Governing Requirements".

There are currently two portfolios offered under the Scheme. Investors may choose to invest in one or a combination of these portfolios to derive their overall investment in the Scheme. Members are issued units in the relevant portfolio(s) to reflect their contributions and other amounts received (such as the kick start contribution and Government tax credit contributions, if the member qualifies). Units are issued at the next unit price following receipt of the relevant amount. The portfolios' assets are valued on a regular basis, and any change in value, less fees, will be reflected in the unit price. Tax is deducted from members' interests in the Scheme at the prescribed investor rate advised by the relevant member. Benefits payable by the Scheme are based on the number of units held at the time the benefit is paid.

Investment Objective

The current investment objective of the Scheme is to produce long-term capital growth from a mix of investments chosen in each portfolio for investors wishing to save for their retirement. In the future this could change.

The Trust Deed allows the Scheme to have a number of investment portfolios in which a member's investment can be invested, each with separate investment objectives. This means that investors will have a choice as to how their investments are invested.

The Lifestages KiwiSaver Scheme currently has two portfolio options (each a "Portfolio") that investors can invest in. These are the:

- Lifestages Capital Stable Portfolio
- Lifestages Growth Portfolio

Investors can also choose to invest in a combination of these two Portfolios so as to build a portfolio of different asset allocations depending on the investor's investment profile.

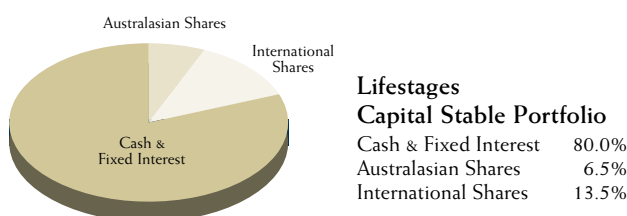
Where an investor does not select a Portfolio, contributions will automatically be placed in the Lifestages Capital Stable Portfolio (the default portfolio).

By purchasing Units in a 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 Portfolio is divided into Units. Your investment in a 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 Portfolio is invested.

The Portfolios provide access to a mix of asset classes, investment styles and investment managers.

Exposure to the various asset classes is obtained in part through arrangements with underlying fund managers. For details of the underlying managers at any particular time, please contact FANZ.

The current benchmark for the Lifestages Capital Stable Portfolio is set out below:



The current benchmark of the Lifestages Growth Portfolio is set out below:



Investors can have a Balanced portfolio by choosing a 50/50 split of the Portfolios. Investors may also elect a different mix of the Portfolios should they elect to do this.

FANZ's current intention is for the assets of the Scheme to continue to be invested in accordance with these guidelines. However, the investment guidelines may change in the future.

No Guarantee

A member's investment in the Scheme, and any returns, are not guaranteed or secured in any way by FANZ, the Trustee, the Crown, SBS Bank or any other person. Because unit prices move in line with market values, at any time the value of a member's interest in the Scheme may go down or up. Investments do not represent deposits or other liabilities of SBS Bank and are subject to investment risk, including possible delays in repayment and the loss of some or all of the amount invested.

'KiwiSaver': What is KiwiSaver?

'KiwiSaver' is a voluntary work-based savings scheme, and began on 1 July, 2007.

It is a Government initiative designed to increase the level of savings by New Zealand households and to support New Zealanders in retirement.

Key Features of 'KiwiSaver'

'KiwiSaver's' main objective is to encourage employees to save for their retirement, although any New Zealand resident aged under 65 can join. By saving through the workplace, deductions can be taken at source. The following are some key points for people who are employees:

- Enrolment in 'KiwiSaver' is automatic for most permanent employees aged between 18 years and 65 years who commence new employment.
- New employees can decide to 'opt out' of 'KiwiSaver' between two and eight weeks after starting a new job. Any contributions already deducted will be refunded.
- Existing employees may opt into a 'KiwiSaver scheme' if they wish but this does not occur automatically and they are not compelled to do so.
- The minimum contribution rate is 2% of an employee's gross salary or wages (employees are able to contribute a higher rate or change their contribution rate by notifying their employer to that effect).
- The minimum contribution will be deducted from a new employee's first pay.
- The Government will make a one-off contribution of \$1000 when an employee joins their first 'KiwiSaver scheme', and will make tax credit contributions to match (up to a limit) member contributions, for members who qualify.
- Contributions are generally 'locked in' for at least five years or until the age of eligibility for NZ superannuation (currently 65), whichever is the longer.
- Withdrawals before age 65 will only be permitted in limited circumstances, such as significant financial hardship or permanent emigration.
- Employees may take contributions holidays. Contributions holidays may generally be taken once an employee has been making contributions into a scheme for at least twelve months. Holidays are subject to a three month minimum term and can last up to five years at a time. At the end of a contributions holiday, contributions will resume unless a further contributions holiday is applied for.
- Members may be able to make a one-off withdrawal after three years to assist with the purchase of a first home.
- Employers must deduct the employee contributions for those enrolled in 'KiwiSaver' and pay these to the Inland Revenue.
- Employers are required to make matching contributions to KiwiSaver schemes up to statutory provided maximums in respect of their employees who are members, subject to certain exceptions and offsets under the Act. Compulsory employer contributions are currently 2% of gross salary or wages. Employers are free to agree to contribute more than the compulsory minimum.

- A withholding tax exemption exists for employer contributions to 'KiwiSaver schemes', up to a maximum of 2% of the employee's gross salary.
- An employee can select a 'KiwiSaver scheme' to save with, or they can use the scheme selected by their employer (if any). In the event neither party specifies a scheme, the employee will be randomly allocated to a default 'KiwiSaver scheme' selected by the government.

People aged under 18 or who are not 'employees'

Anyone under the age of 18, or anyone who is not an 'employee', and is under the New Zealand Superannuation qualification age is still able to join a 'KiwiSaver scheme' if they wish to do so, and will receive the \$1,000 Government one-off contribution and will usually be able to make their own direct contributions to the 'KiwiSaver scheme' (and if they do make contributions, may qualify for Government tax credit contributions, although tax credits are not currently available for members aged under 18). The Lifestages KiwiSaver Scheme will accept members who are aged under 18 or who are not currently an 'employee', provided they are under the New Zealand superannuation qualification age.

Employees: What does 'KiwiSaver' mean for employees?

Employees need to decide:

- Whether to join a 'KiwiSaver scheme' (if an existing employee).
- Whether to 'opt out' of 'KiwiSaver' (if automatically enrolled when starting a new job).
- Whether to choose their own 'KiwiSaver scheme', or leave the choice to their employer or the Inland Revenue Department (IRD), who will allocate them to a default scheme.
- Whether to contribute 2%, 4%, or 8% of gross salary or wages.

Employers: What must employers do in respect of 'KiwiSaver'?

Employers must:

- Provide all new employees, and employees who choose to opt into 'KiwiSaver', with a 'KiwiSaver' information pack (packs are supplied by the IRD).
- Provide 'new employee' details to the IRD, as well as the details of any employees who opt into 'KiwiSaver'. These details include the employee's name, IRD number and address.
- Make the deductions of employees' 'KiwiSaver' contributions from gross salary or wages and forward these to the IRD, together with PAYE payments.
- Accept and forward any employee 'opt out' notifications to the IRD.

Making employer contributions to 'KiwiSaver'

There is a withholding tax exemption on employer contributions to 'KiwiSaver schemes'. This currently applies to employer contributions up to a maximum of the lesser of an employee's contributions and 2% of the employee's gross

salary or wages. Compulsory employer contributions of 2% of salary are currently required for most members.

Employer contributions that exceed 2% will be subject to the deduction of ESCT at varying rates depending on the employee's salary and wages plus the amount of employer superannuation contributions.

Choose a KiwiSaver Scheme

Employers also have the option of choosing a KiwiSaver scheme that their employees who become KiwiSavers will automatically become a member of, unless they choose or are already a member of another KiwiSaver scheme.

Who is involved in providing it for me?

The name of the Scheme is the "Lifestages KiwiSaver Scheme". The Scheme was established by the Trust Deed on 1 June 2007 as a trust principally for the purpose of providing retirement benefits directly or indirectly to natural persons. The Scheme is a registered KiwiSaver scheme under the Act.

Trustee

The Scheme's trustee is Trustees Executors Limited. The Trustee's address is Level 5, 10 Customhouse Quay, PO Box 3222, Wellington 6140.

The Trustee was the first trustee company established in New Zealand, in 1881, and is a leading corporate trustee services provider.

Administration and Investment Manager

Funds Administration New Zealand Limited has been appointed the Scheme's administration and investment manager. FANZ is also the "sponsor" under the Trust Deed. FANZ's address is 51 Don Street, PO Box 835, Invercargill.

FANZ is an investment adviser and approved unit trust manager and, as at the date of this investment statement, had over \$300m of funds under advice and funds under management. FANZ is a subsidiary of SBS Bank, a registered building society established in 1869, and a registered bank.

Custodian

The Scheme's custodian is T.E.A. Custodians Limited. The custodian's address is Level 5, 10 Customhouse Quay, PO Box 409, Wellington 6140.

Promoters

Funds Administration New Zealand Limited and the Southland Building Society and their directors are the promoters of the Scheme. As at the date of this investment statement, FANZ's directors are Graham David Duston of Christchurch, Gregory John Mulvey of Invercargill, Ross Lindsay Smith of Invercargill, Jeffrey Bernard Walker of

Invercargill and Derek Richmond Young of Wellington. As at the date of this investment statement, SBS Bank's directors are Jeffrey James Grant of Balfour, John Francis Ward of Invercargill, Jeffrey Bernard Walker of Invercargill, Gregory John Mulvey of Invercargill, Garry John Diack of Christchurch, Ross Lindsay Smith of Invercargill, John William Acton Smith of Invercargill, Kathryn Jane Ball of Invercargill, and Francis Edwin Spencer of Havelock North. The promoters can be contacted at 51 Don Street, PO Box 835, Invercargill.

Neither FANZ, the Trustee, any promoter, or any other person guarantee the return of capital invested in the Scheme or that an investment in the Scheme will give a particular return.

Responsible Investment Policy

As the Scheme does not take "responsible investment" (as that concept is understood for the purposes of the Act) into account in its investment policies and procedures, we are required under the Act to provide the following statement: Responsible investment, including environmental, social, and governance considerations, is not taken into account in the investment policies and procedures of the Scheme as at the date of this investment statement.

How much do I pay?

Wage and Salary Earners

Any minimum contribution to the Scheme required by the Act needs to be made. As at the date of this investment statement, if a member is an employee the Act requires a minimum contribution of 2% of the gross salary or wages received from an employer (or each employer, if the member has more than one). The Act also allows a member to choose to contribute at the higher rate of 4% or 8% of gross salary or wages from an employer by notifying that employer. An employee member currently contributing at a higher rate can elect to contribute at 2% or otherwise change their contribution rate (subject to the 2% minimum rate) by notifying the relevant employer. These contribution rates could be changed in the future.

A member is not required to contribute directly from his or her pay from an employer if the IRD has granted the member a contributions holiday covering that employer. See the "Can the investment be altered?" section of this investment statement for more details.

Employers will in most circumstances be required to make contributions to KiwiSaver schemes in respect of their employees who are members and who are not on contributions holidays. The compulsory employer contributions are currently set at 2% of an employee's gross salary or wages.

Tax Credit Contributions

A member will qualify to receive a Government tax credit contribution to supplement his or her contributions if the

requirements of the Income Tax Act 2007 are met. As at the date of this investment statement and as they apply to the Scheme, the requirements are that the member:

- is aged 18 or over and less than the age of eligibility for withdrawal from the Scheme (that is, the age of eligibility for New Zealand superannuation or the age the member reaches after five years of membership, whichever is the later);
- makes “member credit contributions” (contributions to the Scheme other than employer contributions); and
- has his or her principal place of residence in New Zealand (although this requirement will not apply to certain state sector employees serving outside New Zealand who provide the Trustee with supporting evidence required by the Income Tax Act 2007).

The amount of the tax credit is currently calculated in accordance with a statutory formula based on the total amount of member credit contributions to the Scheme and any complying superannuation funds the member contributes to each year commencing from 1 July and the number of days in the year on which the member meets the requirements outlined above, capped at \$1,042.86 per year (around \$20 per week).

The tax credit will generally be paid annually and will be allocated pro rata in accordance with the member’s current investment portfolio choice (or to the default Portfolio, if applicable) or as required by the Income Tax Act. 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 the manner required by the Income Tax Act.

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.

Other Contributions (Lump Sum, Self Employed and Non-Waged Workers)

A member can also make contributions to the Scheme via the IRD, or directly to FANZ or the Trustee. This flexibility could be used to make a one off payment to the Scheme, or to make regular contributions if the member is not an employee (for example, if he or she is self-employed or a contractor). As at the date of this investment statement, there is a minimum contribution level of \$50 for the initial lump sum and no minimum for regular monthly and ad hoc contributions to the Scheme. Subject to meeting these minimum requirements, and any other requirements imposed by FANZ or the Trustee from time to time, a member can make direct contributions over these amounts at any time.

Members can transfer amounts to the Scheme from other superannuation or KiwiSaver schemes. The amount received will be treated as a contribution to the Scheme. To the extent permitted by the Governing Requirements, FANZ is entitled to impose terms and conditions on transfers to the Scheme.

If FANZ offers insurance benefits in the future, members who take up the offer may be required to make an additional payment to the Scheme to cover the relevant premiums, unless an alternative arrangement is agreed. The amount of an insurance premium will depend on the member’s particular circumstances as well as the type and amount of

cover selected. The premium amount will be determined and advised once an application for insurance has been received and assessed.

General Information

Units in the chosen Portfolio(s) will be allocated to reflect a contribution received, after the next valuation of the Portfolio(s) at the unit price applicable at that time. The Portfolios are currently valued on a weekly basis, and the unit price reflects the net value of the underlying assets of the relevant Portfolio, less fees and certain costs and liabilities (including potential costs and liabilities). The unit price for each Portfolio, is currently calculated each Thursday and takes into account market movements and interest earned as at the close of business at the end of the previous day (i.e., Wednesday). The unit price struck will apply to transaction requests received since the unit price was last struck. The dollar value of a member’s investment is therefore always an estimate based on the most up-to-date unit price.

Contributions that are to be made by way of deduction from pay are required to be deducted from every pay by a member’s employer in accordance with the IRD PAYE rules and paid by the employer to the IRD who will pass them to FANZ in accordance with the Act. If an employer does not deduct the required contributions at the necessary rate it could, under the Act, be charged a penalty.

Payments to FANZ or the Trustee in respect of the Scheme are to be made to Funds Administration New Zealand Limited by cheque or electronic payment. If paying by cheque, please make the cheque payable to Trustees Executors Limited. Cross the cheque “not transferable – account payee only”. Payments must be in New Zealand dollars.

If contributions that have been deducted from pay in excess of the required amount are received by FANZ or the Trustee, the IRD may require a refund of the excess amount. This will generally be done so that the relevant person can be refunded. If FANZ or the Trustee is required to do this (or if either has an option to refund and decides to do so) units held by the member with an aggregate unit value equal to the amount of the refund will be treated as void and the proceeds will be used to repay the IRD. If the aggregate value of all of the relevant member’s units 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 member personally.

What are the charges?

Scheme Fees

The following charges are or may be payable by a member to the Trustee, FANZ, or persons associated with the Trustee or FANZ. The charges may be payable directly or indirectly, including by deduction from the value of a member’s units, and will affect the returns members receive.

In addition to these charges, the Trustee and FANZ may recover expenses from the Scheme. These expenses will

Fee*	Lifestages Capital Stable Portfolio	Lifestages Growth Portfolio
Entry Fee	Nil	Nil
Management Fee	0.75%pa**	0.90%pa**
Trustee Fee	Up to 0.06%pa**	Up to 0.06%pa**
Switching Fee	There are no Switching Fees	There are no Switching Fees
Exit Fee	There are no Exit Fees	There are no Exit Fees
Administration Fee	\$2 per member per month, charged directly to each account	\$2 per member per month, charged directly to each account

*These fees are current as at the date of this investment statement. The amount of fees charged may be varied by FANZ and/or the Trustee in the future, in accordance with the Trust Deed, and some additional fees could also be introduced. Members are not required to be given advance notice of any variation to the Scheme's fees. No rate of return is promised or guaranteed in respect of either of the Portfolios. ** GST is payable in addition to these fees where applicable.

include audit, registry, custody, investment management and legal fees, and transaction costs such as brokerage incurred in buying and selling the investments of the Scheme. The amount of expenses charged for the previous financial year are disclosed each year in the financial statements of the Scheme, and details can be obtained at any time by contacting FANZ.

The management fee and trustee fees are deducted from the returns of the Scheme before they are allocated to members. FANZ will pay tax on members' behalf on the returns of the Scheme at each member's prescribed investor rate, as notified, after deducting those fees. All other fees are charged to members' accounts or deducted from the amount in question. All fees that are deducted will be offset against income allocated to you and under current law cannot be deducted in your personal tax return.

Commissions/Brokerage Fees

The Lifestages KiwiSaver Scheme does not currently pay commissions or brokerage to any party who may sell the Lifestages KiwiSaver Scheme. If in the future commissions or brokerage is paid, it will be paid out of FANZ's management fee and will not affect the returns paid to members.

What returns will I get?

Returns from the Scheme are payable in the circumstances set out in the Act.

As at the date of this investment statement, a member is able to apply for payment of part or all of the value of his or her interest in the Scheme if he or she:

- reaches the age of entitlement to New Zealand Superannuation (currently 65), provided he or she has been a member of KiwiSaver for five years;
- dies (in which case the member's personal representatives are entitled to apply for a withdrawal); or
- permanently emigrates to another country provided (in the case of a withdrawal, but not a transfer) he or she has lived outside New Zealand for one year (although in this case the member's Government tax credit contributions will be clawed back and repaid to the Government).

Under legislative changes which have passed but not commenced as at the date of this Investment Statement, if a member permanently emigrates to Australia he or she will be entitled to transfer the full value of his or her interest in the Scheme (net of fees and taxes) to an Australian complying superannuation scheme, instead of withdrawing. Members may also be able to transfer amounts to the Scheme from an Australian complying superannuation scheme, in which case slightly different withdrawal rules will apply to those amounts. For more information (including an update on the commencement date, when known) please contact FANZ.

As at the date of this investment statement, a member is also able to apply for payment of part or all of the value of his or her interest in the Scheme, excluding the initial Crown contribution and (except in the case of the serious illness benefit) the member's Government tax credit contributions, in the following circumstances:

Serious Illness

Where the Trustee is reasonably satisfied that the member is suffering from serious illness. Under the Act, "serious illness" is currently defined as an injury, illness or disability that results in the member being totally and permanently unable to engage in work for which the member is suited by reason of experience, education or training or any combination of those things or that poses a serious and imminent risk of death.

Significant Financial Hardship

Where the Trustee determines that the member is suffering significant financial hardship within the meaning of the Act. Under the Act, "significant financial hardship" is currently defined as including:

- the member's inability to meet minimum living expenses;
- the member's inability to meet mortgage repayments on his or her principal family residence, resulting in the mortgagee seeking to enforce the mortgage on the residence;
- the cost of modifying a residence to meet special needs arising from the member's or a dependant's disability;
- the cost of medical treatment for the member's or a dependant's illness or injury;
- the cost of palliative care for the member or a dependant;

- the cost of a funeral for a dependant; or
- the member suffering from a serious illness.

Currently the Act requires a completed statutory declaration as to assets and liabilities as a condition to applying for a significant financial hardship benefit.

First Home

For the purchase of a qualifying first home where the member meets the eligibility requirements of the Act. Currently a member is eligible to withdraw for this purpose if the member has not made a first home withdrawal from any KiwiSaver scheme before and three years have expired since the IRD received the first contribution in respect of the member for any KiwiSaver scheme or, the member has been a member of one or more KiwiSaver schemes for a total period of three years or more.

A purchase currently qualifies if it is of an estate in land (either alone, as a joint tenant or as a tenant in common) and:

- the land is, or is intended to be, the member's principal place of residence and the member has not at any time before applying to make the withdrawal held an estate in land (either alone, as a joint tenant or as a tenant in common);
- the land is, or is intended to be, the member's principal place of residence and the member is a "qualifying person" under regulations made under the Act (as at the date of this investment statement a member is a "qualifying person" if Housing New Zealand notifies the Trustee that the member's financial position is what would be expected of a person who has never held an estate in land); or
- the purchase is otherwise made in circumstances prescribed in any regulations made under the Act (there are no such regulations as at the date of this investment statement).

First home withdrawals will be paid to the relevant member's solicitor. The Trustee may request from that solicitor a copy of the agreement for sale and purchase showing the member as the purchaser, and an undertaking that the agreement is unconditional and that the benefit will be paid to the vendor as part of the purchase price and will be repaid to the Scheme if settlement is not completed by the due date or any extended date.

If you are eligible to make a withdrawal for your first home, you may also be eligible to receive a first home deposit subsidy from the Government, if you meet the applicable criteria at the time. Currently, those criteria include a requirement that you have made contributions to a KiwiSaver scheme, complying superannuation fund or exempt employer scheme at a minimum rate for a minimum savings period of three years. Income caps and regional house price caps also apply. The subsidy is currently set at \$1,000 for each year you have been making contributions, up to a maximum of \$5,000 after a savings period of five years.

Other Withdrawals or Returns

A withdrawal from the Scheme will also be allowed where FANZ and/or the Trustee is required to comply with any enactment or Court order requiring the release of funds from the Scheme. This would include a Court order made under the Property (Relationships) Act 1976.

If a member is offered, and takes out, insurance benefits the member may be entitled to receive a benefit on the occurrence of an event covered by the relevant insurance policy. The amount of the benefit will be limited to the amount (if any) that is received from the insurer. As at the date of this investment statement, no insured benefits are offered under the Scheme.

A member is entitled to transfer the full value of his or her interest in the Scheme (net of taxes and fees) to another KiwiSaver scheme that the member joins. The Governing Requirements could also result in a member being required to transfer to another KiwiSaver scheme. Subject to complying with the Governing Requirements, the Trustee may, with FANZ's agreement, transfer the value of a member's interest in the Scheme to another KiwiSaver scheme on whatever terms and conditions it agrees with FANZ. The consent of relevant member(s) would not be required if the Government Actuary approves the transfer, which can only be given if (amongst other things) the terms and conditions of the other scheme are no less favourable for members than those of the Scheme.

The circumstances in which benefits may be able to be paid from the Scheme may change in future to reflect any changes that are made to the Governing Requirements.

Factors Impacting Returns

The actual amount of the benefit a member receives from the Scheme will depend on:

- the aggregate value of the member's units on the date the benefit is paid;
- whether the member qualifies for the Government tax credit contributions or was a member prior to 1 April 2009 and qualified for the Government fee subsidy that was available until that date;
- fees, expenses and tax;
- interest (if any) received on contributions held by the IRD before they are transferred to the Scheme; and
- if the member has taken out insurance, the level of cover, the eventualities covered and whether payment of the insurance is declined for any reason.

Because unit prices move in line with market values, at any time the value of a member's interest in the Scheme may go down or up. Investments are subject to investment risk, including possible delays in repayment and the loss of some or all of the amount of an investment. Unit prices will be affected by, amongst other things:

- the performance of individual companies in which an investment is made;
- changes (positive or negative) in the investment markets generally;
- movements in interest rates and currency exchange rates; and
- political and other economic events.

The aggregate value of a member's units will depend on the contributions made (including whether the member has at any time taken a contributions holiday, or been eligible to receive employer contributions), the fees and expenses charged and the returns achieved by the Scheme (which are reflected in unit prices).

General

The Trustee, Trustees Executors Limited, is the entity legally liable to pay members' benefits in accordance with the Trust Deed. Because payments can be made in a variety of circumstances, the date when a benefit will be paid to a member is unknown. No amount of return has been promised or guaranteed by any person.

A member can request payment of a benefit by contacting FANZ. FANZ and/or the Trustee may require that the member provide evidence, to its satisfaction, of his or her entitlement to a withdrawal, and payment may be deferred until such evidence is provided. Government tax credit contributions cannot be withdrawn until the member provides a statutory declaration stating the periods for which he or she had his or her principal place of residence in New Zealand.

Subject to the Governing Requirements, the Trustee is entitled to suspend paying benefits from the Scheme for up to six months if it reasonably forms the opinion that it would not be practicable or would be materially prejudicial to the interests of members to realise investments, or to borrow, in order to pay benefits because of:

- a decision to terminate the Scheme;
- financial, political or economic conditions in any relevant market;
- the nature of any investment; or
- the occurrence or existence of any other circumstance or event relating to the Scheme.

Taxes

Tax affects the returns of the Scheme. The following is intended as general guidance and is based on legislation current as at the date of this investment statement.

Interests in the Scheme

The Scheme is a portfolio investment entity ("PIE"). This allows the Scheme to pay tax on behalf of members.

The Scheme calculates and pays tax on members' behalf at their prescribed investor rate. As at the date of this investment statement, the prescribed investor rates (PIRs) are shown in the table below.

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 you do not

advise us of your prescribed investor rate you will be given a prescribed investor rate of 28%. 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 (and potentially interest or penalties). Where tax has been overpaid it cannot be recovered.

Upon a full withdrawal from the Scheme (or, upon switching 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.

The tax paid on income attributed to a member by the Scheme will be a final tax unless the member fails to advise a prescribed investor rate change from a lower PIR to a higher PIR or advises FANZ that his or her correct prescribed investor rate is a lower rate than it should be when it should be 28%. Where the tax paid is a final tax no obligation to file a tax return for a member's investment in the Scheme will generally arise. As at the date of this investment statement, income from the Scheme attributed to a member will also have no impact on family assistance eligibility, student loan repayment obligations or child support payment obligations, although the Government has announced that it intends to review this.

Except as described above under current law no tax is payable or recoverable in relation to any permitted withdrawal from the Scheme.

Investments made by the Scheme

Gains or losses made on New Zealand resident companies or Australian resident companies on an approved index of the Australian Stock Exchange ("ASX") which have a franking account and are not stapled securities and certain Australian unit trusts are not taxable or deductible. Dividends from such holdings are taxable however. The PIE regime is designed to pass through these benefits to members where the Scheme invests in unit trusts or other superannuation schemes that are PIEs.

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

Prescribed Investor Rates (as at 1 April 2011)			
If your taxable income was:	And your income plus your PIE income/loss was:	In the two 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%

*An 'income year' is the period from 1 April in one year to 31 March of the following year or an alternative date approved by Inland Revenue.

Certain international shares (those offering guaranteed or fixed rate returns or that are redeemable but non-participating 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 and any disposal gains.

Debt securities are taxed under the financial arrangement rules under the IFRS tax payer method reflecting financial reporting.

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 may have different or further consequences to those described. In addition, the levels and basis of taxation may change. Members should consult their own tax adviser before investing or withdrawing.

What are my risks?

All investments carry risk. There are risks associated with the Scheme that could affect your ability to recover the amount of your contributions or impact on the returns payable from the Scheme.

The Scheme provides investors with the opportunity to access two Portfolios with varying risk/return profiles. For example, an investment in the Lifestages Capital Stable Portfolio is considered lower risk because the majority of the underlying investments are in fixed interest investments. In contrast, the Lifestages Growth Portfolio can be considered higher risk in nature because the value of the Portfolio's underlying investments may experience short-term volatility due to the underlying asset classes they invest in (currently 80% in equities and 20% in fixed interest assets).

The Lifestages Capital Stable Portfolio is lower risk than the Lifestages Growth Portfolio. The Lifestages Capital Stable Portfolio is designed to produce a stable return. The Lifestages Growth Portfolio is designed to have the majority of its assets in growth assets or share investments. Over the long term these growth assets should produce a higher rate of return than the more stable fixed interest investments. However, in a significant market downturn returns could be negative or insufficient to cover the fees incurred. There may be an insufficient return to meet your expectations. The Scheme manages this risk by engaging a team of skilled and experienced investment managers to manage the portfolio as well as diversifying across a range of investments issued by financial organisations from many different industries and issuers. There is however no guarantee that investors will receive a positive return. The reality is that the more growth assets you have in your portfolio the greater the likelihood that you may receive a negative return and that this return may persist for some time especially in severe market downturns.

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 with a higher percentage of funds in growth or equity investments.

The principal risks applying to the Scheme that could affect returns (and which are common to most KiwiSaver and superannuation schemes generally) are:

- *Investment risk*: The risk of negative returns on the Scheme's investments, or that the returns are insufficient to meet the applicable expenses;
- *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;
- *Foreign Exchange risk*: The risk associated with movements in foreign exchange rates impacting on offshore investments. The Manager seeks to minimise this risk through a hedging strategy;
- *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 your entitlement to Government tax credits, or of the Trust Deed being amended in a manner permitted by law that has the effect of reducing benefits;
- *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;
- *Administration risk*: The risk of a technological or other failure impacting on the Scheme or financial markets in general;
- *Tax rate risk*: The risk of the Trustee either over or underpaying tax within the Scheme on a member's behalf because the member has provided the wrong prescribed investor rate or has not advised FANZ to change the 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;
- *Loss of PIE status risk*: The risk of the Scheme losing its status as a PIE. Although FANZ has processes in place to manage compliance with the PIE eligibility requirements, there is a risk that the 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;
- *Fund Manager risk*: Investors are exposed to the investment style of the relevant fund manager and to the risk that decisions made by the fund manager may not result in positive returns. As the Scheme invests in a diversified range of countries and markets, risk is minimised; and
- *Fixed Interest risks*: With fixed interest securities there is a risk that the issuer or organisation may default on either interest or debt repayments, adversely affecting the Portfolios' returns. 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.

In addition, the payment of insured benefits could be declined if there has been a misrepresentation or non-disclosure of any material fact. Other circumstances, such as if a member becomes bankrupt, or if FANZ or the Trustee is served with a Court order under the Property (Relationships) Act 1976 requiring the release of some of a member's interest in the Scheme, may also impact on a member's returns.

Because of the impact of fees it is reasonably foreseeable that a member will receive less than his or her contributions if he or she ceases to be a member a short time after joining.

A member will not be required to pay in respect of the Scheme more money than is disclosed under the heading "How much do I pay?" above, and under the heading "Consequences of insolvency and winding up of the Scheme" below.

Consequences of insolvency and winding up of the Scheme

If the Scheme becomes insolvent or is wound up a member will not be personally liable in respect of any debt or liability of the Scheme beyond his or her interest in the Scheme (except for any "shortfall" in meeting amounts to be refunded to the IRD, as described under the heading "How much do I pay?" above).

If the Scheme is put into liquidation or wound up, each member will be promptly notified and the assets of the Scheme will be realised. The following claims on the assets of the Scheme will rank ahead of the members' claims:

- any outstanding fees, costs, expenses or liabilities of the Scheme (including an amount the Trustee considers necessary or desirable to set aside for a contingent liability);
- any claims preferred at law;
- tax; and
- the costs of winding up the Scheme.

After allowing for the above, the Trustee will provide for the payment to each member of an amount equal to the aggregate value of all of his or her units. If there is insufficient monies to cover this, the amount determined for each member would be reduced on a pro rata basis. The amount due will be paid in accordance with the Act, which currently requires a transfer of the relevant amount to another KiwiSaver scheme. Members' claims on the assets of the Scheme rank equally.

Can the investment be altered?

Contributions

As at the date of this investment statement a member can change his or her contribution rate for an employer between 2%, 4% or 8% by notifying that employer. The minimum contribution rate is 2%. Currently a member is unable to change his or her contribution rate in relation to an employer more than once every three months unless that employer agrees. In addition, the Government could change

the permitted contribution rates or supplement them with additional contribution rates.

A member who is making direct contributions to the Scheme, or other contributions via the IRD, can change the amount of those contributions at any time, subject to continuing to meet any required minimum contribution, and to any other terms the Trustee or FANZ may impose in the future.

A member can apply to the IRD to take a contributions holiday. The IRD will currently grant a contributions holiday if:

- the IRD has received a contribution in respect of the member and is satisfied that the member is suffering, or is likely to suffer, financial hardship; or
- one year has passed since the earlier of the IRD or the provider of any KiwiSaver scheme receiving a contribution in respect of the member.

If a contributions holiday is granted, an employer covered by the holiday is not required to deduct contributions from the relevant member's pay while the holiday is in force, and will not be liable to make any compulsory employer contributions that would otherwise be required under the Act. A contributions holiday does not apply to contributions made directly to the Scheme or to other contributions via the IRD, although a member is entitled to change these contributions, subject to the constraints outlined above.

A contributions holiday must currently be for a minimum of three months and a maximum of five years, unless the holiday was taken because of financial hardship, in which case it will be for a three month period unless the IRD agrees to a longer period. A member can revoke and reinstate a contributions holiday for a particular employer by notifying that employer. However, unless an employer agrees, a member is unable to take a contributions holiday from that employer for less than three months.

Fees

The amount of fees charged for an investment in the Scheme may be varied by FANZ and/or the Trustee in the future, in accordance with the Trust Deed, and some additional fees could also be introduced. Members are not required to be given advance notice of any variation to the Scheme's fees.

Investment Portfolios

The Trust Deed allows the Scheme to have a number of investment portfolios in which members' units can be invested. Currently there are two investment portfolios, the Lifestages Capital Stable Portfolio and the Lifestages Growth Portfolio, and the Lifestages Capital Stable Portfolio is considered to be the "default investment portfolio".

If in the future different investment portfolios are established within the Scheme a member will, subject to certain conditions (including, potentially, payment of a fee), be able to switch future contributions, or some or all of his or her existing units, to another portfolio. Currently there is no fee to switch between the two Portfolios that make up the Scheme. There is also no limit to how many times you can switch between the Portfolios that make up the Scheme.

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

generally vary all or any of the terms of any investment portfolio (for example, its investment manager, underlying fund manager(s), mixture of investments, investment objectives, policy, guidelines, ranges, benchmarks and procedures and minimum contribution and holding requirements) by written notice to the Trustee if FANZ and the Trustee agree the variation is not material.

If FANZ and the Trustee do not agree that the variation is not material, FANZ may vary the terms or terminate or merge any one or more portfolios where FANZ considers that doing so would be beneficial to the Scheme and would not materially prejudice members holding units in those portfolio(s) by written notice to the Trustee and affected members.

Subject to the Governing Requirements FANZ may:

- with the Trustee’s agreement, introduce a new investment portfolio; or
- wind up an investment portfolio at any time upon notice to the Trustee.

If FANZ winds up an investment portfolio it will notify affected members and specify a substitute investment portfolio in which members’ units will be invested if they do not give a switching notice specifying an alternative investment portfolio within the time specified. If FANZ winds up the default investment portfolio it will also set a new default investment portfolio.

Amendments to the Trust Deed

The Trustee may, with FANZ’s consent, amend the Trust Deed subject to the provisions of the Governing Requirements, certain restrictions in the Trust Deed, and certain other legislation.

Closure and Wind up of the Scheme

The Scheme can be closed if either FANZ or the Trustee resolves to close the Scheme and notifies the other accordingly. If the Scheme is closed no new members or contributions will be accepted but the Scheme will otherwise continue in operation.

The Scheme can be wound-up if:

- either FANZ or the Trustee resolves to close the Scheme and notifies the other accordingly;
- the Scheme has previously been closed, the last member of the Scheme cancels his or her units and the Trustee resolves to wind up the Scheme;
- the Governing Requirements requires it; or
- it is so ordered by a Court or regulatory authority pursuant to any statutory power.

Except in the limited circumstances set out below a member is not entitled to terminate, cancel, surrender or otherwise make or obtain payment of the returns from the Scheme other than as set out in the “What returns will I get?” section of this investment statement, nor is a member entitled to sell, transfer, assign or otherwise grant any other person an interest in his or her interest in the Scheme.

FANZ may determine from time to time, 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. Subject to the Governing Requirements, the Trustee will apply such amount for the benefit of the member or his or her dependents in such manner as it, in its discretion, thinks fit.

A member is entitled to make a withdrawal from the Scheme or to assign part of his or her interest in the Scheme to comply with any enactment or Court order requiring the release of funds from the Scheme. This would include a Court order under the Property (Relationships) Act 1976.

A member is entitled to transfer the full value of his or her interest in the Scheme (net of taxes and fees) to another KiwiSaver scheme that the member joins. The Governing Requirements could also result in a member being required to transfer to another KiwiSaver scheme. Subject to complying with the Governing Requirements, the Trustee may, with FANZ’s agreement, transfer the value of a member’s interest in the Scheme to another KiwiSaver scheme on whatever terms and conditions it agrees with FANZ. The consent of relevant member(s) would not be required if the Government Actuary approves the transfer, which can only be given if (amongst other things) the terms and conditions of the other scheme are no less favourable for members than those of the Scheme.

The Scheme can be wound up if:

- either FANZ or the Trustee resolves to close the Scheme and notifies the other;
- the Scheme has previously been closed, the last member of the Scheme cancels his or her units and the Trustee resolves to wind up the Scheme;
- the Governing Requirements require it; or
- it is so ordered by a Court or regulatory authority pursuant to any statutory power.

If this happens members will receive the amounts described in the “What are my risks?” section of this investment statement.

If a member withdraws, FANZ may make an adjustment to his or her investment by cancelling some or all of the member’s units to make payment of any tax attributed to the member.

How do I cash in my investment?

Because the Scheme is a KiwiSaver scheme there are limited circumstances in which members can withdraw from the Scheme, as described in the “What returns will I get?” section of this investment statement.

Who can I contact with inquiries about my investment?

All enquiries about the Scheme can be made directly to any branch of your local Building Society, financial advisor, or by contacting:

The Manager
Funds Administration New Zealand
51 Don Street
PO Box 835
Invercargill 9810
Phone: 0800 502 442

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

All problems or complaints should initially be directed to:

The Manager
Funds Administration New Zealand
51 Don Street
PO Box 835
Invercargill 9810
Phone: 0800 502 442

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 6140
Phone: (04) 495 0995

If you are not satisfied with how your complaint has been dealt with you may be able to refer your complaint to the Banking Ombudsman. You can contact the Banking Ombudsman by writing to the Office of the Banking Ombudsman, PO Box 10-573, The Terrace, Wellington 6143. You can also contact the Banking Ombudsman by calling 0800 805 950 or by email at help@bankomb.org.nz.

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

What other information can I obtain about this investment?

Prospectus and Financial Statements

Further information about the Scheme and the securities referred to in this investment statement, or both, can be found in the current registered prospectus for the Scheme and in the financial statements of the Scheme. A copy of the current registered prospectus and the most recent financial statements can be obtained free of charge from FANZ or the Trustee.

The prospectus, the financial statements and other documentation relating to the Scheme are filed on a public register at the Companies Office of the Ministry of Economic Development and available for public inspection, including at www.companies.govt.nz.

Additional Information

Members will receive a copy of the Scheme's annual report following the end of each financial year of the Scheme, and a statement of their holding in the Scheme every six months.

A member or prospective member can obtain the following information free of charge by contacting FANZ on 0800 502 442:

- in the case of a member only, an estimate of his or her benefits under the Scheme;
- a copy of the most recent prospectus and any associated documents (such as any certificate extending the life of the prospectus);
- a copy of the most recent Annual Report and financial statements of the Scheme, including any associated documents;
- a copy of the most recent investment statement; and
- in the case of a member who received prospective information about returns or prospective financial information about the Scheme, a comparison of actual returns against prospective returns or actual results against prospective financial information.

A member can also obtain, by contacting FANZ, a copy of the Trust Deed for which a reasonable fee may be charged.

The associated investment statement sets out the objectives and characteristics of the Lifestages KiwiSaver Scheme, and the information required by the Securities Act 1978. You should read the investment statement in full before investing with us, and seek professional advice if you are unsure about any aspect of the investment.

Section 1: Member's Personal Details

Title	<input type="text"/>	First Names	<input type="text"/>	Surname	<input type="text"/>
Date of Birth	<input type="text"/> / <input type="text"/> / <input type="text"/>	Occupation	<input type="text"/>		
IRD Number	<input type="text"/>	<input type="text"/>	<input type="text"/>		
Member's Address	<input type="text"/>				
	<input type="text"/>				Postcode <input type="text"/>
Phone	<input type="text"/>	Facsimile	<input type="text"/>		
Email	<input type="text"/>	Authorised Payroll Officer	<input type="text"/>		
Employer Name	<input type="text"/>	Lump Sum	\$	<input type="text"/>	<input type="text"/>
Employee Contributions (if appropriate)	% <input type="text"/>	Minimum initial contribution \$50. Please make cheques payable to Trustees Executors Limited	\$	<input type="text"/>	<input type="text"/>
Employer Contributions (if appropriate)	% <input type="text"/>	Regular Payment per ad hoc	\$	<input type="text"/>	<input type="text"/>
Employer IRD Number	<input type="text"/>	<input type="text"/>	<input type="text"/>		

Section 2: Regular Contributions. Please choose which Portfolio you would like to invest in:

<input type="checkbox"/>	Lifestages Capital Stable Portfolio	\$	<input type="text"/>	<input type="text"/>	OR	<input type="text"/>	%	Your percentages must add up to 100%
<input type="checkbox"/>	Lifestages Growth Portfolio	\$	<input type="text"/>	<input type="text"/>		<input type="text"/>	%	

Section 3: Lump Sum. Please choose which Portfolio you would like to invest in:

<input type="checkbox"/>	Lifestages Capital Stable Portfolio	\$	<input type="text"/>	<input type="text"/>	OR	<input type="text"/>	%	Your percentages must add up to 100%
<input type="checkbox"/>	Lifestages Growth Portfolio	\$	<input type="text"/>	<input type="text"/>		<input type="text"/>	%	

Section 4: Prescribed Investor Rate

Your prescribed investor rate is the rate at which tax will be deducted from your investment in the Lifestages KiwiSaver Scheme ("the Scheme").

Insert your prescribed investor rate here %

Refer to page 18 for guidance about selecting your prescribed investor rate.

It is very important that you tell us your correct prescribed investor rate and tell us if your correct rate changes. If you do not advise us of a change in your prescribed investor rate or provide us with the wrong rate you may have an obligation to file a tax return and pay further tax, and potentially penalties and interest.

Section 5: What Lifestages Portfolio(s) are right for me?

1. Are you saving for a new home via KiwiSaver?

If you are just starting out and you are looking to use your KiwiSaver savings as part of your deposit for your first home we recommend you save via the Lifestages Capital Stable Portfolio. Why? Because you need to ensure that your capital is preserved for when you purchase your home.

Tick the box if this applies to you and the Lifestages Capital Stable Portfolio is your preferred portfolio choice.

2. Do you want to "sleep easy" at night knowing your savings are backed up by an investment philosophy that has been in existence since 1992?

Choose the Lifestages Capital Stable Portfolio because this portfolio is based on an investment track record process that has consistently preserved capital since 1992.

Section 6: Not sure what Portfolio is right for you?

Complete our simple Questionnaire below to determine what portfolio(s) are right for you!

What are your investment objectives?

Q1: Protecting the money I have is a higher priority for me than making it grow.

STRONGLY AGREE AGREE NEUTRAL DISAGREE STRONGLY DISAGREE

1	2	3	4	5
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Q2: I prefer an investment that will grow steadily and will avoid sharp ups and downs, even if it lowers the long-term returns.

1	2	3	4	5
---	---	---	---	---

Q3: I am prepared to forego the highest possible return if seeking that return would involve taking some risk.

1	2	3	4	5
---	---	---	---	---

Q4: If I inherited a large sum of money, I would put it in the bank rather than invest it or a portion of it in shares.

1	2	3	4	5
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(A) INVESTMENT OBJECTIVE TOTAL

(Total your answers from question 1 through to 4 and write this total here and in box A on the next page.)

How do you feel about risk and return?

Q1: I would like to protect the money that I invest even if it means getting very little long-term growth.

STRONGLY AGREE AGREE NEUTRAL DISAGREE STRONGLY DISAGREE

1	2	3	4	5
---	---	---	---	---

Q2: I am happy to reduce the long-term returns on my investments if it means I reduce the chance of losing some of my investments.

1	2	3	4	5
---	---	---	---	---

Q3: I believe I will have enough money to reach my goal: therefore I must protect what I have.

1	2	3	4	5
---	---	---	---	---

Q4: How long is it before you plan to access your savings (eg. for retirement or a first home)?

1	2	3	4	5
---	---	---	---	---

<5 Years 5-14 Years 15-24 Years 25-35 Years >35 Years

(B) RISK AND RETURN TOTAL

(Total your answers from question 1 through to 4 and write this total here and in box B on the next page.)

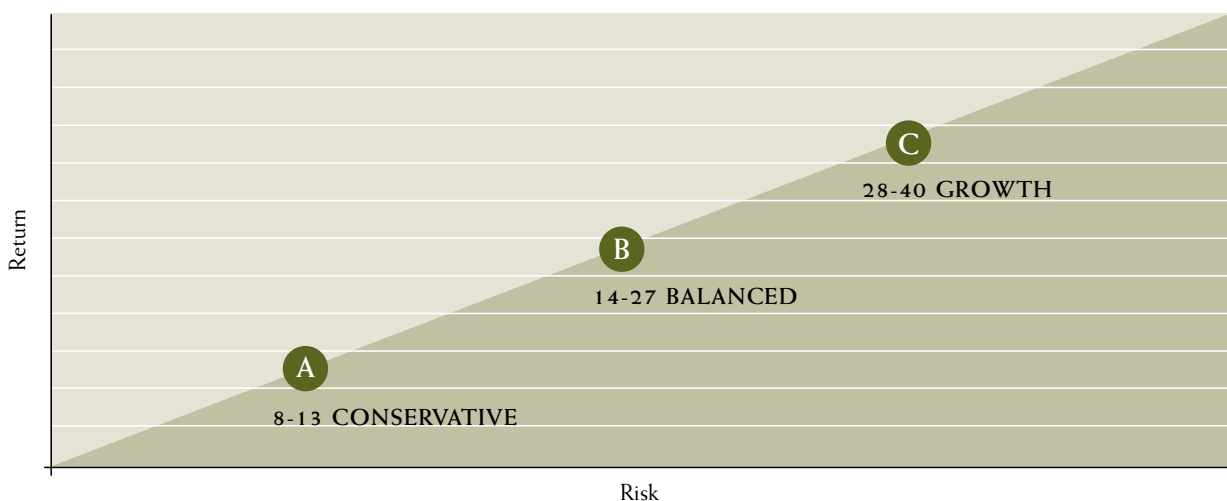
Section 7: Which type of investor are you?

1. Total up your score for the two sections from the previous page.

(A) INVESTMENT OBJECTIVE <i>(from box A)</i>	<input type="text"/>
(B) RISK AND RETURN <i>(from box B)</i>	<input type="text"/>
GRAND TOTAL <i>(total of boxes A and B)</i>	<input type="text"/>

Be aware that the Questionnaire doesn't take into account your own personal situation and any specific financial needs or other factors you may want to allow for. We recommend that you speak to an adviser before you make your investment decision to ensure your decision is appropriate to your needs and circumstances.

2. See where your score places you in the diagram below:



3. Description of your investment personality.

- (A) 8-13 CONSERVATIVE
You have a lower than average tolerance to risk, and prefer minimal short-term volatility in return for a stable and conservative return. You should invest mostly in cash and fixed interest securities with a small exposure to growth assets or shares.
- (B) 14-27 BALANCED
You have an average tolerance to risk, and are prepared to accept some short-term volatility in return for potentially higher long-term returns. You should invest evenly in fixed interest securities and shares.
- (C) 28-40 GROWTH
You have a high tolerance to risk, and are prepared to accept high short-term volatility in return for potentially greater long-term returns. You should invest mostly in shares.

What type of investor are you?

- CONSERVATIVE Lifestages Capital Stable Portfolio
- BALANCED 50/50 mix of the Lifestages Capital Stable and Growth Portfolio
- GROWTH Lifestages Growth Portfolio

Please tick the corresponding boxes in sections 2 and 3 of the application form. This is the Fund or Portfolio that you should invest in.

Section 8: Portfolio Choice Declaration

I am aware that I can switch between funds at any time. I confirm that I am responsible for the choice of Portfolio(s) recorded in this application form and that neither the Trustee, FANZ, or any other person will be liable for any loss incurred as a consequence of my choice.

Signature

Date

Section 9: Privacy Act 1993

This application form collects personal information about you. The information collected will be used by Funds Administration New Zealand Limited ("FANZ"), Trustee Executors ("the Trustee") and/or Southland Building Society ("SBS Bank") to:

- evaluate your application for membership, administer, operate and manage the Scheme, maintain relevant statistical records and comply with any legal or regulatory obligations; and
- unless you advise otherwise, provide you with information about opportunities for future financial and other products and services offered by Funds Administration New Zealand Limited ("FANZ") SBS Bank or their partners, and by signing this application form you will be taken to have agreed to receive this information in any form, including electronically. *(Cross this bullet point out if you do not consent to the use of your personal information for this purpose)*

The information will be held by FANZ, the Trustee and/or SBS Bank at their addresses set out in the current investment statement for the Scheme. Under the Privacy Act 1993, you have the right to access and to request correction of any personal information about you held by FANZ the Trustee and/or SBS Bank.

The information will only be disclosed to another party to the extent necessary for one or more of the purposes set out above, where required by law, or as otherwise authorised by you.

Section 10: Investor Declaration

1. I am eligible to join the Scheme and I wish to apply for membership of the Scheme on the basis set out in the current investment statement for the Scheme;
2. I agree to be bound by the provisions of the Scheme's trust deed and by the requirements of the KiwiSaver Act 2006 and any regulations or notices promulgated under that Act;
3. I have received a copy of the current investment statement for the Scheme and have read it in full;
4. I understand that units will only be allocated for a contribution or other amount received, on the next valuation date after the relevant amount is received by FANZ, and understand that contributions made through the IRD may be subject to delay before receipt by FANZ;
5. I acknowledge that neither the Trustee, FANZ, SBS Bank or any other person will be liable to me for any loss as a consequence of my choice of investment portfolio or any choice of investment portfolio I make in the future, and that my investment in the Scheme is not guaranteed by any person;
6. I acknowledge that the Trustee's and FANZ's sole obligation with respect to contributions made to the Scheme by or in respect of me is to apply the contributions received in accordance with the trust deed for the Scheme and the KiwiSaver Act 2006, that there is no contractual arrangement between my employer(s) (if any) and the Trustee or FANZ as to the payment of employer contributions, and that the Trustee and FANZ are under no obligation to verify the appropriateness of the amount of any contribution received;
7. I have read the information set out above under the heading "Privacy Act 1993" and authorise the use of my personal information in the manner set out under that heading;
8. I acknowledge that my investment in the Scheme is subject to fees and charges, as set out in the current investment statement for the Scheme; and
9. I declare that all the information contained in this form is true and correct and acknowledge responsibility for its accuracy whether the information was written by me or another person.
10. I understand that where I have invested in a combination of Portfolios, values may change at a different rate and no automatic rebalancing between Portfolios will occur.
11. I acknowledge that investments in the Scheme do not constitute bank deposits or liabilities of SBS Bank and that SBS Bank does not stand behind the capital value and performance of the securities.

Signature (*Member aged 18+*)

Date

 / /

Signature (*Member aged 16 or 17*)

Guardian's Signature

Date

 / /

Guardian 1 Signature (*For members aged 15 or below*)

Guardian 2 Signature (*For members aged 15 or below*)

Date

 / /

Where this application form is signed on behalf of a minor, the signatory confirms that he/she is the parent or legal guardian of the applicant and has the legal authority to apply for membership on behalf of the applicant and all of the above declarations made by the signatory on behalf of the applicant.

Section 11: For Financial Advisers Only – Check List

Referral Branch

- 1. Make sure the investor has been given a copy of the investment statement and that they have read this and understand it.
- 2. Ensure that the investor has correctly completed all sections and that the application form has been signed.
- 3. Complete the 'Adviser Details' above and send to the Manager by either:
 - a) Faxing the application form to 0800 734 329 and posting the original to Lifestages, C/- Trustees Executors, PO Box 409, Wellington.
 - b) Post the application to Lifestages, C/- Trustees Executors, PO Box 409, Wellington.

Should you have any queries please phone 0800 650 835

Section 12: Identification for Individuals

We require verification of the identity of all new investors under the Financial Transaction Reporting Act 1996.

We require a certified copy of one of these types of identification: birth certificate, driver's licence or passport.

Investor's identification type (1)

Identification number

Investor's identification type (2)

Identification number

Details are required for all new investors.

To the Manager of

(Insert name of Scheme transferring from)

From / / (Insert date)

I have joined the Lifestages KiwiSaver Scheme and wish to transfer my member's accumulation to the Lifestages KiwiSaver Scheme. I authorise you to effect such a transfer and to provide the manager and/or the trustee of the Lifestages KiwiSaver Scheme with any personal information about me which is necessary to effect the transfer.

My details are as follows:

Title (Mr, Mrs, Miss Ms) First Name(s)
 Surname
 Street Number Street Name
 Suburb City
 Post Code Date of Birth / /
 Member IRD Number

Please complete this form and return it to the Lifestages Registry;
Lifestages, C/- Trustees Executors, PO Box 409, Wellington, 6140.

Please also transfer my current balance to the Trustee's Bank Account which is:

Trustees Executors

Bank Name BNZ Branch Name WELLINGTON City WELLINGTON

Thank you for your assistance

Yours faithfully

Signature Date

By signing this form, you authorise the manager and/or trustee of the Lifestages KiwiSaver Scheme to contact the manager of the scheme specified above in order to arrange for the transfer of your member's accumulation to the Lifestages KiwiSaver Scheme, and to take any other action required to effect the transfer.

Details to be completed by previous KiwiSaver Scheme:

Date member first joined a KiwiSaver Scheme / /
 Total Contributions Transferred \$. Member Contribution \$.
 Employer Contributions \$. Volunteer Contribution \$.
 Tax Credit Contributions \$.
 Does the Total contribution include a Kick Start subsidy? Yes No
 Was the First Home Housing Contribution deducted? Yes No
 If the member is on a contributions holiday when is the end date? / /
 Transfer Date / / Date transfer actioned / /

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directory as at 1 April 2011

Trustee

Trustees Executors Limited
Level 5
Maritime Tower
10 Customhouse Quay
PO Box 3222
Wellington 6011

Administration and Investment Manager

Funds Administration New Zealand Limited
51 Don Street
PO Box 835
Invercargill 9810

Solicitor

Kensington Swan
89 The Terrace
PO Box 10246
Wellington 6143

Auditor

KPMG
10 Customhouse Quay
PO Box 996
Wellington 6143

Register of Investors

Trustees Executors Limited
PO Box 409
Level 5, 10 Customhouse Quay
Wellington 6140

Directors of FANZ

Jeffrey Bernard Walker, LLB
51 Don Street
Invercargill
Chairman FANZ, Barrister & Solicitor

Gregory John Mulvey, BCom, CA
51 Don Street
Invercargill
Company Director, Chartered Accountant

Derek Richmond Young, B.C.A., CA
Wellington
Director, Chartered Accountant

Ross Lindsay Smith, BCom, CA
51 Don Street
Invercargill
Group Managing Director, Southland Building Society/SBS Bank

Graham David Duston, BCom, PGDip
51 Don Street
Invercargill
Executive Director, FANZ



The Lifestages KiwiSaver Scheme is brought to you by
Funds Administration New Zealand Limited (FANZ).