



Offer of units in the  
Lifestages Investment Funds  
Product Disclosure Statement

As at 15 November 2016



Issued by Funds Administration New Zealand Ltd ("FANZ")

## 1. Key information summary

### What is this?

Each of the Lifestages Investment Funds offered under this Product Disclosure Statement ('PDS') is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Funds Administration New Zealand Limited ('FANZ', 'we') will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of FANZ and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

### What will your money be invested in?

There are four investment options offered under this PDS. Each option is a separate managed investment scheme. They are each referred to as a 'Fund' and collectively as 'Funds' or 'Lifestages Investment Funds'.

These investment options are summarised below. More information about the investment target and strategy for each investment option is provided at section 3 'Description of your investment option(s)'.

Fund Name	Description	Risk indicator	Annual fund charges (p.a. estimated)
Lifestages Corporate Bond Portfolio	The Fund aims to provide a core and low risk exposure to New Zealand fixed interest debt securities through investments consisting of a broad spread of government and non-government securities primarily of investment grade quality.	LOWER RISK HIGHER RISK ◀ 1 2 3 4 5 6 7 ▶ POTENTIALLY LOWER RETURNS      POTENTIALLY HIGHER RETURNS	1.56% of net asset value
Lifestages World Bond Portfolio	The Fund aims to provide investors with a broadly diversified portfolio of international investment grade income securities. The Fund offers a multi-manager approach to fixed interest investing.	LOWER RISK HIGHER RISK ◀ 1 2 3 4 5 6 7 ▶ POTENTIALLY LOWER RETURNS      POTENTIALLY HIGHER RETURNS	1.68% of net asset value
Lifestages Australasian Equity Portfolio	The Fund aims to achieve capital growth and returns over the long-term through investing primarily in a broad spread of New Zealand and Australian equities. The Fund offers a multi-manager approach to equity investing.	LOWER RISK HIGHER RISK ◀ 1 2 3 4 5 6 7 ▶ POTENTIALLY LOWER RETURNS      POTENTIALLY HIGHER RETURNS	1.91% of net asset value
Lifestages World Equity Portfolio	The Fund aims to achieve capital growth and returns over the long-term through investment primarily in a broad spread of international equities. The Fund offers a multi-manager approach to equity investing.	LOWER RISK HIGHER RISK ◀ 1 2 3 4 5 6 7 ▶ POTENTIALLY LOWER RETURNS      POTENTIALLY HIGHER RETURNS	1.87% of net asset value

SEE SECTION 4 'WHAT ARE THE RISKS OF INVESTING?' FOR AN EXPLANATION OF THE RISK INDICATOR AND FOR INFORMATION ABOUT OTHER RISKS THAT ARE NOT INCLUDED IN THE RISK INDICATOR. TO HELP YOU CLARIFY YOUR OWN ATTITUDE TO RISK, YOU CAN SEEK FINANCIAL ADVICE OR WORK OUT YOUR RISK PROFILE AT [WWW.SORTED.ORG.NZ/TOOLS/INVESTOR-KICKSTARTER](http://WWW.SORTED.ORG.NZ/TOOLS/INVESTOR-KICKSTARTER).

### **Who manages the Lifestages Investment Funds?**

The manager of the Funds is Funds Administration New Zealand Limited.

See section 7, 'Who is involved?' for more information.

### **How can you get your money out?**

Your investment in the Funds is redeemable. You may at any time request the redemption of some or all of your investment. For each Fund, payment will normally be made within 10 business days of FANZ receiving a redemption request from you.

For partial withdrawals, the minimum withdrawal amount is \$100 and your remaining unit holding in the relevant Fund must not fall below \$500.

In certain circumstances, we can suspend withdrawals from a Fund for up to three months (or for longer than three months with the Supervisor's agreement).

See section 2 'How does this investment work?' for more information.

Your investment in these units in the Funds can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.

### **How will your investment be taxed?**

Each Fund offered under this PDS is a portfolio investment entity (PIE).

The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). To determine your PIR go to [www.ird.govt.nz/toii/pir/workout/](http://www.ird.govt.nz/toii/pir/workout/). See section 6 of the PDS (what taxes will you pay?) on page 9 for more information.

### **Where can you find more key information?**

FANZ is required to publish quarterly updates for each Fund. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). The manager will also give you copies of those documents on request.

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Neither FANZ nor its parent Southland Building Society ('SBS Bank') guarantee (either partially or fully) the capital value or performance of the Funds. The principal and returns of the Funds are not guaranteed or secured in any way by FANZ or by its parent SBS Bank (or any other member of the SBS Bank group), Trustees Executors Limited, or any other person. Investments in the Funds do not represent deposits or other liabilities of FANZ or its parent SBS Bank, and are subject to investment risk, including possible delays in repayment and loss of income or principal invested.

## 2. How does this investment work?

This PDS contains an offer of units in the Lifestages Corporate Bond Portfolio, Lifestages World Bond Portfolio, Lifestages Australasian Equity Portfolio and the Lifestages World Equity Portfolio (together, 'Funds'). Each of the Funds is a managed investment scheme that is governed by a consolidated master trust deed and establishment deed dated 1 November 2016.

The money you invest buys units in the Fund or Funds you choose. Each Fund invests in assets, such as shares, predominantly through underlying investment funds. The units do not give you legal ownership of the Fund's assets but they do give you rights to the returns from the assets.

When you invest in a Fund, your money is pooled together with other investors' money. We use this pool to buy investments for the Fund. This means you may have access to a wider range of investment choices and greater buying power than you would usually have if investing alone. It also means your money is managed and overseen by an experienced team of investment professionals.

Each unit represents a share of a Fund and has a unit price so that you know what your share of the Fund is worth. Units in the relevant Fund are allocated to reflect an investment received after the next valuation of the Fund at the unit price applicable at that time. The Funds are currently valued on a weekly basis (on a Thursday), and the unit price reflects the net value of the underlying assets of the relevant Fund, less fees and certain costs and liabilities (including potential costs and liabilities).

The Funds are separately accounted for and the assets of one Fund are not available to meet the liabilities of another.

The Funds offered under this PDS do not make distributions. Accordingly, any income of the Funds is reflected in their unit price. The return on your investment comes from any increase or decrease in the unit price.

### **Making investments**

You can make an investment in any of the Funds via an approved custodial administration service, or by completing an application form (available from a FANZ Private Wealth adviser). Where you are investing through a custodial administration service you will need to make payments to the provider of that service by following the process it has.

You can invest in the Funds by lump sum and regular investments. Investments of any amount can usually be made, provided the initial investment is at least \$500, additional lump sum investments are at least \$500 and regular investments are at least \$100 per month. Units in the relevant Fund are allocated to reflect an investment received at the next unit price.

See the 'Other Material Information' document on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for more information about making investments.

### **Withdrawing your investments**

You can usually withdraw part or all of your investment at any time.

Where investments are made through a custodial administration service you will need to request a withdrawal by following the process the provider of that service has. They will be able to provide you with details.

Where investments are made through FANZ you will need to complete the withdrawal form and return it to FANZ. See section 7 'Who is involved' for details.

Withdrawals are processed on a weekly basis (on a Thursday). The Funds are valued, and the proceeds are then credited to your nominated account.

When you redeem all or part of your investment from a Fund, we will redeem your investment at the next unit price for that Fund adjusted for any applicable PIE tax on income allocated to redeemed units.

The minimum partial withdrawal is \$100, provided your remaining unit holding in the relevant Fund does not fall below \$500. A full withdrawal is required if a partial withdrawal would reduce the value of your remaining unit holding in the relevant Fund below \$500.

We can suspend withdrawals from a Fund for up to three months if, because of one of the factors set out in the Trust Deed (including financial, political, or economic conditions applying in any financial market, or a withdrawal request for more than 10% of the units in a Fund being received) it would be materially prejudicial to the interests of investors in that Fund to permit withdrawals. Withdrawals could be suspended for longer than three months with the Supervisor’s agreement. There is no limit on the extension of time that the Supervisor could agree to.

### How to switch between Funds

You can, subject to certain conditions, switch future contributions, or some or all of your existing investment, to another Fund. Currently there is no fee to switch between Funds or any limit to how many times you can switch, although this could change.

You can do this at your SBS Bank branch or online or by using the switch form on our website. We strongly suggest you take the time to speak to a FANZ Private Wealth adviser before switching.

A switch will be treated as a redemption from one Fund or Funds and an application for units in the other Fund or Funds. This will therefore trigger tax implications.

See the ‘Other Material Information’ document on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for more information about switching between Funds.

## 3. Description of your investment option(s)

Fund name	Summary of investment objectives and investment strategies	Target investment mix	Risk indicator	Recommended minimum investment timeframe
Lifestages Corporate Bond Portfolio	<p><b>Objective:</b> To provide a gross return above the return of the S&amp;P/NZX A Grade Corporate Bond Index on a rolling three-year basis.</p> <p><b>Strategy:</b> The Fund aims to capture the yield premium attached to New Zealand dollar denominated government stock, corporate bonds and other non-Government fixed or floating rate securities.</p>	<p>New Zealand fixed interest: 95%</p> <p>New Zealand Cash: 5%</p>	<p>LOWER RISK                      HIGHER RISK</p> <p>◀ 1 2 3 4 5 6 7 ▶</p> <p>POTENTIALLY LOWER RETURNS                      POTENTIALLY HIGHER RETURNS</p>	3 years
Lifestages World Bond Portfolio	<p><b>Objective:</b> To provide a gross return in line with or greater than the composite of the Bloomberg Barclays Global Aggregate Index fully hedged to the New Zealand dollar and the NZ Cash Index, over a rolling three-year basis.</p> <p><b>Strategy:</b> The Fund aims to provide investors with a broadly diversified portfolio of global fixed interest securities through investment in international investment grade income securities.</p>	<p>International fixed interest: 95%</p> <p>New Zealand cash: 5%</p>	<p>LOWER RISK                      HIGHER RISK</p> <p>◀ 1 2 3 4 5 6 7 ▶</p> <p>POTENTIALLY LOWER RETURNS                      POTENTIALLY HIGHER RETURNS</p>	3 years

Fund name	Summary of investment objectives and investment strategies	Target investment mix	Risk indicator	Recommended minimum investment timeframe
Lifestages Australasian Equity Portfolio	<p><b>Objective:</b> To provide a gross return above the return of the composite NZ Equity, Australian Equity and NZ Cash Indices with net dividends reinvested on a rolling three-year basis</p> <p><b>Strategy:</b> The Fund aims to achieve capital growth and returns over the long-term through investment in New Zealand and Australian equities. The Fund invests in large cap New Zealand and Australian equities and is designed to provide investors with core holdings of equities in these markets.</p>	<p>New Zealand equities: 65%</p> <p>Australian equities: 30%</p> <p>New Zealand cash: 5%</p>	<p>LOWER RISK                      HIGHER RISK</p> <p>◀ 1 2 3 4 5 6 7 ▶</p> <p>POTENTIALLY LOWER RETURNS                      POTENTIALLY HIGHER RETURNS</p>	5 years
Lifestages World Equity Portfolio	<p><b>Objective:</b> To provide a gross return above the return of the composite International Equity and NZ Cash Indices on a rolling three-year basis.</p> <p><b>Strategy:</b> The Fund aims to achieve capital growth and returns over the long-term through investment in international equities. The Fund provides access for investors to a portfolio of large cap stocks with a portion of the portfolio hedged back to the New Zealand dollar.</p>	<p>International equities: 95%</p> <p>New Zealand cash: 5%</p>	<p>LOWER RISK                      HIGHER RISK</p> <p>◀ 1 2 3 4 5 6 7 ▶</p> <p>POTENTIALLY LOWER RETURNS                      POTENTIALLY HIGHER RETURNS</p>	5 years

### Changes to the SIPO

We can make changes to the Statement of Investment Policy and Objectives (SIPO) of any Fund in accordance with the Trust Deed and the Financial Markets Conduct Act 2013. Both we and the Supervisor must agree in writing to any changes to the SIPOs. For material changes, we will give 30 days’ notice to unit holders of the relevant Fund prior to the changes coming into effect.

In selecting the Funds’ investments, we apply filters to ensure that none of the Funds’ investments have exposure to cluster munitions, anti-personnel mines, or nuclear armament manufacturers.

Any changes to the SIPOs will be lodged with the Registrar of Financial Service Providers within 5 working days of the change taking effect. The most current version of each SIPO can be found on the relevant Fund’s scheme register entry at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

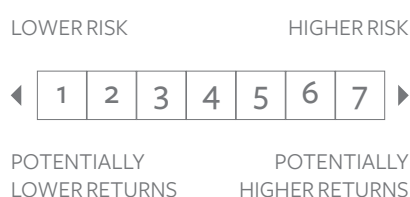
Further information about the assets in each Fund can be found in the fund updates at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

## 4. What are the risks of investing?

### Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.

### Example risk indicator



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described under the heading 'Other specific risks') that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 September 2016. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund updates for these Funds.

### General investment risks

Some of the things that may cause the Funds' value to move up and down, which affect the risk indicator, are:

**Investment return risk:** Investment return risk is the risk that returns from the Funds' investments will be negative or lower than expected, affecting the value of your investment in the Funds.

**Market risk:** Investments generally are affected by movements in market demand and supply, economic conditions, market sentiment, political events, natural disasters, and consumer demand.

This is of significance to the Funds offered under this PDS as the assets of those Funds are market linked, and are therefore susceptible to general market fluctuations and individual security price fluctuations.

**Currency risk:** Currency risk is the risk of exchange rate fluctuations between the New Zealand dollar (the currency in which the Funds are valued) and foreign currencies.

Currency risk will affect Funds where investments are made outside of New Zealand. To help mitigate the potential impact of currency movements, Funds with non-Australian dollar foreign currency exposure use varying levels of hedging. The currency management policy for each Fund is detailed in its SIPO.

**Credit risk:** Credit risk is the risk of a Fund or of any investment becoming insolvent, or being placed into receivership, liquidation, or statutory management or being otherwise unable to meet its financial obligations.

**Company risk:** Company risk is the risk faced by an investor who holds financial products of a particular company and therefore has exposure to the fluctuations in that company's performance.

### Other specific risks

We are not aware of any circumstances that exist or are likely to arise that significantly increase the risk of returns for investors, other than circumstances already reflected in the risk indicator.

See the 'Other Material Information' document on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for more information about risk.



## 5. What are the fees?

You will be charged fees for investing in the Lifestages Investment Funds. Fees are deducted from your investment and will reduce your returns. If FANZ invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- > regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term;
- > one-off fees (for example, contribution fees and withdrawal fees — although these are not currently charged).

Fund name	Annual management fee	Annual administration charges (estimated)	Total annual fund charges (estimated)
Lifestages Corporate Bond Portfolio	0.85%	0.71%	1.56%
Lifestages World Bond Portfolio	0.85%	0.83%	1.68%
Lifestages Australasian Equity Portfolio	1.25%	0.66%	1.91%
Lifestages World Equity Portfolio	1.25%	0.62%	1.87%

ALL FEES ARE DISCLOSED AS A PERCENTAGE OF NET ASSET VALUE ON A BEFORE-TAX BASIS.  
GST WILL BE ADDED TO FEES AND MAY BE INCLUDED IN SOME EXPENSES, WHERE APPLICABLE.

**Management fees:** We charge an annual management fee to each fund as set out above. GST is currently charged at 15% on 10% of the management fee in accordance with the non-binding IRD agreement with the Financial Services Council of New Zealand Incorporated on behalf of the funds management industry. This percentage may change in the future.

**Administration charges:** These charges cover the general management of the Funds e.g. supervisor, legal, custodian and audit fees.

They also cover an estimate of the fund charges of the underlying funds as these are not managed by a related party of us, so we are unable to definitively quantify those charges in advance. We do not expect any difference between our estimate and the actual charges to be material. Actual charges over the previous 12 months are available in the latest fund update for each Fund.

Our estimates are made on the basis of reasonable assumptions about the ongoing level of fees and costs expected to be charged (taking into account the actual fees and costs as a percentage of average net asset value that were charged for the most recent scheme year).

**Other charges:** There are currently no other fees or costs charges by any person in respect of the Funds. However, note that if you invest through a custodial administration service, that service may charge fees in respect of the service (distinct from the fees paid in respect of the Funds).

**Performance fees:** We do not currently charge performance fees for any of the Funds.

**Individual action fees:** We do not currently charge establishment, contribution, withdrawal, switching, or transfer fees, but we could charge these or other fees in the future.

See the 'Other Material Information' document on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for more information about fees.

#### Example of how fees apply to an investor

Kate invests \$10,000 in the Lifestages World Equity Portfolio. She is charged management and administration fees, which work out to be about \$187 (1.87% of \$10,000). These fees might be more or less if the value of her investment has increased or decreased over the year.

#### Estimated total fees for the first year

Individual action fees:	\$0
Fund charges:	\$187
Other charges:	\$0

See the latest fund updates for an example of the actual returns and fees investors were charged over the past year.

This example applies only to the Lifestages World Equity Portfolio. If you are considering investing in another Fund, this example may not be representative of the actual fees you may be charged.

### The fees can be changed

We can change fees from time to time. We can also add new fees. The rules about fee changes are in the Trust Deed, which can be found on the scheme register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

FANZ must publish a fund update for each Fund showing the fees actually charged during the most recent year. Fund updates, including past updates are available on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

## 6. What taxes will you pay?

Each Fund is a portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to

[www.ird.govt.nz/toii/pir/workout](http://www.ird.govt.nz/toii/pir/workout). If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell FANZ your PIR when you invest or if your PIR changes. If you do not tell FANZ, a default rate may be applied. If the advised PIR is lower than the correct PIR, you will need to complete a personal tax return and pay any tax shortfall, interest, and penalties. If the default rate or the advised PIR is higher than the correct PIR, you will not get a refund of any overpaid tax. See the 'Other Material Information' document on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for more information about tax.

## 7. Who is involved?

### About Funds Administration New Zealand Limited

FANZ is the manager of the Lifestages Investment Funds.

Our registered office is:

c/- SBS Bank  
51 Don Street  
Invercargill

We can be contacted by:

- > Calling 0800 727 2265
- > Going online at [www.lifestages.co.nz](http://www.lifestages.co.nz)
- > Visiting your local branch of SBS Bank
- > Writing to PO Box 835, Invercargill 9810

### Who else is involved?

Name	Role
Supervisor	Trustees Executors Limited Responsible for supervising the performance of our duties and ensuring the Funds' assets are appropriately held
Custodian	Trustees Executors Limited Holds the assets of the Funds on trust for investors
Administration Manager	Trustees Executors Limited Provides unit registry services

## 8. How to complain

Any complaints about the Funds may be referred to the Manager via the contact details provided under section 7 'Who is involved?' You can also complain to the Supervisor at:

### Trustees Executors Limited

- > Calling            04 878 7833
- > Writing to        Relationship Manager  
Trustees Executors Limited  
10 Customhouse Quay  
PO Box 3222  
Wellington 6140

### Financial Services Complaints Limited

The Supervisor is also a member of an independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL). If the Supervisor hasn't been able to resolve your complaint in a way that you think is satisfactory within 40 business days, you can contact FSCL by:

- > Email to            [info@fscl.org.nz](mailto:info@fscl.org.nz)
- > Online at           [www.fscl.org.nz](http://www.fscl.org.nz)
- > Calling             0800 347 257
- > Writing to         Financial Services  
Complaints Limited  
PO Box 5967  
Lambton Quay  
Wellington 6145
- > Visiting            Level 4  
101 Lambton Quay  
Wellington 6011

FSCL will not charge a fee to you to investigate or resolve a complaint.

### The Banking Ombudsman

We are a member of the independent dispute resolution scheme run by the Banking Ombudsman. You can contact the Banking Ombudsman by:

- > Email to            [help@bankomb.org.nz](mailto:help@bankomb.org.nz)
- > Online at           [www.bankomb.org.nz](http://www.bankomb.org.nz)
- > Calling             0800 805 950

- > Writing to         Banking Ombudsman  
Freepost 218002, PO Box 25327  
Featherston Street  
Wellington 6146
- > Visiting            Level 5, Huddart Parker Building  
1 Post Office Square  
Wellington 6011

The Banking Ombudsman will not charge a fee to you to investigate or resolve a complaint.

## 9. Where you can find more information

Further information relating to the Funds, including financial statements, annual reports, quarterly fund updates, and the trust deed and SIPOs for the Funds, is available on the offer registers and the scheme registers at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). A copy of any information on the offer registers and the scheme registers is available on request to the Registrar. You may also obtain a copy of any of the documents on the offer registers or scheme registers and certain other scheme information on written request to FANZ (for contact details, see section 7 'Who is involved?').

The fund updates and unit price history can be found on [www.lifestages.co.nz](http://www.lifestages.co.nz).

You will also be sent an annual tax statement, which will include the amount of PIE income allocated to you and the amount of tax paid at your chosen PIR.

This information is available free of charge.

## 10. How to apply

Investment in the Funds is available by completing the appropriate process through a Portfolio Investor Proxy (PIP) with our approved custodial administration service or directly with the Manager.

You will need to complete the appropriate form(s), along with your IRD number and document(s) to verify your identity.

