



Offer of membership of the
Lifestages KiwiSaver Scheme
Product Disclosure Statement

As at 15 November 2016

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



This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose. Funds Administration New Zealand Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

1. Key information summary

What is this?

This 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?

The Lifestages KiwiSaver Scheme ("Scheme") offers two funds for you to invest in (each a 'Fund'), plus a life cycle investment option ('Lifestages Auto').

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 Income Fund	The Fund aims to provide investors with a low-risk investment option that invests solely in income producing assets, being cash, fixed interest investments, listed property, and infrastructure assets.	<p>LOWER RISK HIGHER RISK</p> <p>← 1 2 3 4 5 6 7 →</p> <p>POTENTIALLY LOWER RETURNS POTENTIALLY HIGHER RETURNS</p>	1.21% of net asset value
Lifestages High Growth Fund	The Fund aims to provide investors with capital growth over the long-term, by investing primarily in a broad spread of New Zealand and international growth assets, with a small amount held in cash.	<p>LOWER RISK HIGHER RISK</p> <p>← 1 2 3 4 5 6 7 →</p> <p>POTENTIALLY LOWER RETURNS POTENTIALLY HIGHER RETURNS</p>	1.41% of net asset value
Lifestages Auto	This life cycle investment option offers a combination of the Lifestages Income Fund and the Lifestages High Growth Fund that varies based on your age. The intention is to provide investors with an age-appropriate mix of the two strategies described above. The life cycle stages and their respective risk indicators are as follows:	<p>AGE LOWER RISK HIGHER RISK</p> <p>0-34 ← 1 2 3 4 5 6 7 →</p> <p>35-44 ← 1 2 3 4 5 6 7 →</p> <p>45-54 ← 1 2 3 4 5 6 7 →</p> <p>55+ ← 1 2 3 4 5 6 7 →</p> <p>POTENTIALLY LOWER RETURNS POTENTIALLY HIGHER RETURNS</p>	<p>1.41% of net asset value</p> <p>1.35% of net asset value</p> <p>1.31% of net asset value</p> <p>1.27% of net asset value</p>

* THE RISK CATEGORY FOR EACH INVESTMENT OPTION IS CALCULATED BASED ON THE VOLATILITY OF PAST RETURNS OVER FIVE YEARS (USING A COMBINATION OF EACH INVESTMENT OPTION'S ACTUAL RETURNS AND MARKET INDEX RETURNS AS THE INVESTMENT OPTIONS HAVE NOT BEEN IN OPERATION FOR FIVE YEARS) AND THIS DOES NOT REPRESENT A FULL INVESTMENT CYCLE. MARKET INDEX RETURNS AND BENCHMARK WEIGHTINGS HAVE BEEN USED UP TO OCTOBER 2015 WHEN THE FUNDS COMMENCED. THE RISK INDICATOR MAY THEREFORE PROVIDE A LESS RELIABLE INDICATOR OF THE POTENTIAL FUTURE VOLATILITY OF THESE INVESTMENT OPTIONS. SEE SECTION 4 'WHAT ARE THE RISKS OF INVESTING?' FOR MORE INFORMATION.

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.

A member fee of \$24 per annum is also charged per member. You'll be charged \$2 per month even if you invest in a combination of both Funds, or in the Lifestages Auto option.

Who manages the Lifestages KiwiSaver Scheme?

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

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

How can you get your money out?

KiwiSaver is designed to help you save for retirement, so in most cases you cannot withdraw your savings until you reach New Zealand Superannuation age (currently 65 years), and have been a KiwiSaver member or complying superannuation fund member (if you transferred from that fund) for at least five years.

You can transfer your investment to another KiwiSaver scheme at any time.

In certain circumstances you may be able to make an early withdrawal. These include purchase of a first home, significant financial hardship, serious illness, permanent

emigration, or withdrawing savings transferred from an Australian complying superannuation fund when you reach age 60 and satisfy the definition of 'retirement' in Australian legislation. Your savings are also payable to your estate if you die.

Partial withdrawals must be for at least \$100, and must not reduce the remaining balance of your interest in the Scheme below \$500 (or \$1,000 if the withdrawal is made for the purpose of a first home purchase).

In certain circumstances, we can suspend withdrawals from the Scheme for up to six months.

For more information, see section 2 'How does this investment work?'

How will your investment be taxed?

The Scheme 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). This can be 10.5%, 17.5% or 28%. See section 6 of the PDS (what taxes will you pay?) on page 12 for more information.

Where can you find more key information?

FANZ is required to publish quarterly updates for each investment option. 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. The manager will also give you copies of those documents on request.

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No person, including the Government, FANZ, and 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 Product Disclosure Statement (PDS) offers you membership in the Scheme. The Scheme is registered under the Financial Markets Conduct Act 2013.

KiwiSaver is an initiative to promote long-term retirement savings, and provide a vehicle for employees to be able to save by way of direct deduction from their salary or wages. It is also open to most people who aren't employed.

The Scheme is a managed fund and is governed by a Trust Deed between the Manager and Supervisor. For information on the roles of the Manager and the Supervisor, see section 7 'Who is involved?'

The Scheme offers two Funds. You can choose one of these Funds or blend them together to help you reach your investment goals. You can also choose to invest through the Lifestages Auto option. We employ a multi-manager, multi-style investment philosophy that accesses a range of investment management firms in New Zealand and around the world.

The Scheme is a pooled investment. By investing in the Scheme you are pooling your investment with other investors. 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. You are issued units in the relevant Fund(s) to reflect your contributions and other amounts received for you (such as the Government tax credit contributions, if you qualify). Units are issued at the next unit price following receipt of the relevant amount.

The Funds' assets are valued on a regular basis, and any change in value, less fees and expenses, will be reflected in the unit price. Tax is deducted from your interest in the Scheme at the prescribed investor rate advised by you. Benefits are based on the number of units you hold (and the value of those units) at the time the benefit is paid.

The Scheme is treated as a single fund. This means assets of a Fund are available to meet the liabilities of another Fund.

KiwiSaver schemes are designed for long-term savings, so there are restrictions on the circumstances when you can withdraw. See the subsection 'Withdrawing your investments' for more information.

The Lifestages Auto option allocates your contributions and accumulated balances between the Lifestages Income Fund and the Lifestages High Growth Fund based on your age. See subsection 'What is the Lifestages Auto option?' below.

If you do not select a Fund, or a combination of Funds, your contributions will be invested in the Lifestages Income Fund.

What is the Lifestages Auto option?

The Lifestages Auto option is not a separate fund. If you choose to invest through the Lifestages Auto option, your contributions and accumulated balance(s) will be allocated to the Lifestages Income Fund and the Lifestages High Growth Fund as outlined in the table below.

Age group	Age	Lifestages Income Fund	Lifestages High Growth Fund
1	0-34	0%	100%
2	35-44	30%	70%
3	45-54	50%	50%
4	55+	70%	30%

The Lifestages Auto option automatically adjusts your contributions in accordance with the table above on 31 July each year, based on your age at that time. For example, if you were aged 34 or less when you selected Lifestages Auto, 30% of your future contributions in the Scheme will be directed to the Lifestages Income Fund from 31 July following the date you turn 35, or on your 35th birthday if you were born on 31 July. Your account will also be 'flagged' to automatically rebalance your accumulated balance(s) to the above allocations on an annual rebalance(see below).

We can change the age ranges and the Fund exposures for the Lifestages Auto option at any time and, if you have selected the Lifestages Auto option, we will notify you of any such change and adjust your contributions and accumulated balance(s) accordingly.

The Lifestages Auto option aims to provide you with appropriate levels of risk and expected returns for an average person of your age. However, it is based on predetermined exposures, which do not take your personal circumstances into account. You will need to decide whether the Lifestages Auto option is right for you and seek financial advice if you are unsure.

Alternatively, you can choose your own Fund mix by completing the Asset Allocation Investment Profile process included in the application form and selecting your preferred investment strategy.

We will rebalance your accumulated balance(s) back to your chosen allocations on an annual basis (unless we notify you otherwise). We intend to have one annual rebalancing event on or about 15 August each year.

Joining the scheme

You are eligible to join the Scheme as long as you are:

- > A New Zealand citizen or entitled to be in New Zealand indefinitely;
- > Normally living in New Zealand or where eligible, a State Services employee serving overseas; and
- > Under the age of eligibility for New Zealand Superannuation (currently 65 years).

You can join the Scheme by completing an application form (unless you have been automatically enrolled in the Scheme by your employer). If your employer has chosen the Scheme as their preferred KiwiSaver scheme, and you are not already a member of KiwiSaver, you will be automatically enrolled in the Scheme when you first start employment. If you have been automatically enrolled, you can choose to opt out between 14 to 56 days from the date you started your new job.

Section 10 'How to apply' outlines how to join the Scheme.

Making investments

The contribution types are summarised below.

Member contributions: If you are an employee earning salary or wages, you will need to make regular contributions (unless you are on a contributions holiday or you have reached qualifying age).

You can choose to contribute an amount equal to 3%, 4% or 8% of your gross (before tax) salary or wages. If you do not choose a contribution rate, your rate will be 3%.

You can change your contribution rate between 3%, 4% and 8%, or even take a contributions holiday, from time to time.

Your employer will normally deduct your contributions automatically from your after-tax salary or wages and pay them directly to Inland Revenue who will pass them on to the Scheme.

All members (including if you are self-employed or not earning) can also make voluntary contributions directly to the Scheme — see 'Voluntary contributions' below.

Employer contributions: Your employer is generally required by law to make regular contributions to your KiwiSaver account unless:

- > You are under 18;
- > You have reached qualifying age;
- > You are on a contributions holiday or not contributing; or
- > They are already making contributions for your benefit to another retirement scheme, which meet their employer contribution obligations.

Your employer's contributions must equal a minimum of 3% of your gross (before tax) salary or wages. They will have superannuation contribution tax deducted from them. Your employer can also make additional voluntary contributions through Inland Revenue to your KiwiSaver account.

Member tax credits: Under current law, each year (while you contribute and are eligible), the Government will make contributions to your account, which is known as member tax credits. These are currently 50c for every dollar you contribute, up to a maximum Government contribution of \$521.43 a year.

Member tax credits are calculated annually based on the total contributions you have made during the last year (1 July to 30 June) and the number of days occurring that year that you were eligible to receive member tax credits.

You will be eligible if:

- > You are at least 18 years old;
- > You have not yet reached qualifying age; and
- > You mainly live in New Zealand.

To receive the maximum you must have been eligible for the full year (1 July to 30 June) and have made employee or voluntary contributions of at least \$1,042.86 over that year.

Voluntary contributions: Lump sum contributions
You can make voluntary lump sum payments direct to your Scheme account or via Inland Revenue. There is a minimum contribution level of \$50 for an initial lump sum contribution, but no minimum contribution for regular monthly and ad hoc contributions.

Regular contributions: You can set up a regular payment at any time in the Scheme via Online Banking or by completing the application form and the direct debit authority. The Scheme is designed to help you save for retirement. Therefore, if you are new to KiwiSaver when you join the Scheme, and you won't be contributing from salary or wages, you should ensure that you can make initial and on-going contributions.

If your account has a zero balance at any time, and you meet the withdrawal eligibility conditions, we can close the account and then you will cease to be a member of the Scheme, and not be able to join a KiwiSaver Scheme in the future. If this is the case, we will give you notice that your membership of the Scheme has ended.

You may also be able to transfer savings from an existing New Zealand or overseas superannuation scheme. To transfer from an Australian complying superannuation fund you will need to have permanently emigrated to New Zealand.

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

Withdrawing your investments

As the Scheme is a KiwiSaver scheme, in most cases your money is locked in until you reach qualifying age.

This is the later of:

- > When you qualify for New Zealand Superannuation (currently age 65);
- > Five years after you joined a KiwiSaver scheme, or, if you transferred from a complying superannuation fund, five years after you joined that scheme.

Early withdrawals are permitted in limited circumstances. Restrictions on withdrawals are set out in the KiwiSaver Act 2006. The withdrawal features are summarised on the next page.

Withdrawal type	What can I withdraw?				
	Member contribution	Employer contribution	Member tax credit	\$1,000 kick-start (if any) ³	Savings transferred from an Australian complying superannuation scheme
Retirement (qualifying date)	●	●	●	●	●
Purchase of first home ¹	●	●	●		
Significant financial hardship	●	●			●
Serious illness	●	●	●	●	●
Permanent emigration (other than to Australia)	●	●		●	
Permanent emigration to Australia ²	●	●	●	●	●
Death	●	●	●	●	●
Retirement withdrawal of Australian savings from age 60					●

1. YOU MUST LEAVE AT LEAST \$1,000 IN YOUR ACCOUNT AFTER THE WITHDRAWAL. IN SOME SITUATIONS, IF YOU HAVE OWNED A HOME BEFORE, YOU MAY STILL BE ABLE TO MAKE A WITHDRAWAL, SEE WWW.HNZC.CO.NZ FOR FURTHER INFORMATION.

2. YOUR SAVINGS IN THE SCHEME WILL BE TRANSFERRED TO AN AUSTRALIAN COMPLYING SUPERANNUATION FUND.

3. YOU WILL ONLY HAVE RECEIVED A \$1,000 KICK-START CONTRIBUTION FROM THE GOVERNMENT IF YOU FIRST JOINED A KIWISAVER SCHEME BEFORE 2.00PM ON 21 MAY 2015.

If you make a transfer from a foreign superannuation scheme, and New Zealand tax is payable, or additional New Zealand student loan repayment obligations arise from the transfer, you may be able to make a withdrawal from the Scheme to pay those amounts. We may also have to release some or all of your money under a Court order.

Once you reach qualifying age, you can continue to save with the Scheme and/or make a withdrawal at any time. You can make withdrawals in one or more lump sums or as a series of regular withdrawals.

Minimum withdrawal amounts apply if you are not making a full withdrawal and can be found in the table below.

Withdrawal type	Minimum amount	Frequency
Lump sum	\$100	Any time
Regular withdrawal	\$100	Weekly, fortnightly, 4 weekly

Your withdrawal will be determined using the unit price applying on the next valuation day after your withdrawal request is approved. Currently we operate on a weekly valuation period. We can alter these minimum amounts (and the permitted manner and frequency of withdrawals) at any time.

We can also set a minimum balance that must remain in your account or a Fund. Currently you must have a minimum balance of \$500 in the Scheme (or \$1,000 if a withdrawal is made for the purpose of a first home purchase). This would require you to make a full withdrawal if your account balance fell below the minimum amount.

If you make a withdrawal to purchase a first or subsequent home you must ensure you apply for this withdrawal more than 10 working days before your settlement payment is due – so make sure you apply early. You cannot make a first home withdrawal after your property purchase has settled. You can withdraw all of your savings to buy your home (except for \$1,000 and any amount transferred to the Scheme from an Australian complying superannuation scheme).

Note, if you transferred money from a UK pension scheme after 5 April 2006, an early withdrawal could result in tax obligations in the United Kingdom. We recommend seeking independent tax advice before applying to make an early withdrawal.

Suspension Powers: In certain circumstances we may need to suspend or delay payment of withdrawals for up to six months. For example, we may determine it is not practicable to calculate the net value of a Fund or sell its assets. See the ‘Other Material Information’ document on the offer register at www.companiesoffice.govt.nz/disclose for more information about making investments.

How to switch between Funds

You can change the Fund or Funds you are invested in at any time, subject to any terms we may have. You can either move your savings between Funds, or direct future contributions to your new Fund(s) (or do both).

You can do this at your SBS Bank branch or by using the contribution advice form on our website. If you are currently in the Lifestages Auto option and select a Fund, you will be removed from the Lifestages Auto option immediately.

We strongly suggest you take the time to complete our risk profile questionnaire on the Lifestages website or speak to a FANZ financial adviser before switching. If you switch into the Lifestages High Growth Fund you must speak to one of our Financial Advisers to confirm this investment is appropriate for you before this can be actioned.

See the ‘Other Material Information’ document on the offer register at 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 Income Fund	<p>Objective: To provide a gross return which exceeds the return of the benchmark on a rolling three-year basis</p> <p>Strategy: The Fund will invest solely in income producing assets, being cash, fixed interest investments, listed property, and infrastructure assets. The Fund may not produce much in the way of capital growth but should produce stable returns. Volatility is expected to be lower than the High Growth Fund.</p>	<p>International fixed interest (30–50%), 40%</p> <p>NZ fixed interest (15–35%), 25%</p> <p>NZ cash (10–20%), 15%</p> <p>Infrastructure assets (5–15%), 10%</p> <p>Listed property (5–15%), 10%</p>	<p>LOWER RISK HIGHER RISK</p> <p>← 1 2 3 4 5 6 7 →</p> <p>POTENTIALLY LOWER RETURNS POTENTIALLY HIGHER RETURNS</p>	2 years
Lifestages High Growth Fund	<p>Objective: To provide a gross return which exceeds the return of the benchmark on a rolling three year basis</p> <p>Strategy: The Fund will invest primarily in a broad spread of New Zealand and international growth assets. The Fund may not produce much in the way of income but should produce long term capital growth and a greater return than the Income Fund. Volatility is expected to be the highest of the two Funds.</p>	<p>International equities (40–60%), 50%</p> <p>Australian equities (5–25%), 16.5%</p> <p>NZ equities (5–25%), 7.5%</p> <p>Infrastructure assets (2–13%), 6.5%</p> <p>Listed property (2–13%), 6.5%</p> <p>NZ cash (1–10%), 2%</p>	<p>LOWER RISK HIGHER RISK</p> <p>← 1 2 3 4 5 6 7 →</p> <p>POTENTIALLY LOWER RETURNS POTENTIALLY HIGHER RETURNS</p>	7 years
Lifestages Auto Option	<p>Description: This life cycle investment option offers a combination of the Lifestages Income Fund and the Lifestages High Growth Fund that varies based on your age.</p> <p>Objective: To provide appropriate levels of risk and return for an average person within each life cycle stage, noted in the next column.</p> <p>Strategy: The individual investment objectives and investment strategies for each Fund that the different life cycle stages invest in are set out above.</p>	<p>Age 0–34: 0% Lifestages Income Fund, 100% Lifestages High Growth Fund</p> <p>Age 35–44: 30% Lifestages Income Fund, 70% Lifestages High Growth Fund</p> <p>Age 45–54: 50% Lifestages Income Fund, 50% Lifestages High Growth Fund</p> <p>Age 55+: 70% Lifestages Income Fund, 30% Lifestages High Growth Fund</p>	<p>LOWER RISK HIGHER RISK</p> <p>← 1 2 3 4 5 6 7 →</p> <p>← 1 2 3 4 5 6 7 →</p> <p>← 1 2 3 4 5 6 7 →</p> <p>← 1 2 3 4 5 6 7 →</p> <p>POTENTIALLY LOWER RETURNS POTENTIALLY HIGHER RETURNS</p>	—

*THE RISK CATEGORY FOR EACH INVESTMENT OPTION IS CALCULATED BASED ON THE VOLATILITY OF PAST RETURNS OVER FIVE YEARS (USING A COMBINATION OF EACH INVESTMENT OPTION'S ACTUAL RETURNS AND MARKET INDEX RETURNS AS THE INVESTMENT OPTIONS HAVE NOT BEEN IN OPERATION FOR FIVE YEARS) AND THIS DOES NOT REPRESENT A FULL INVESTMENT CYCLE. MARKET INDEX RETURNS AND BENCHMARK WEIGHTINGS HAVE BEEN USED UP TO OCTOBER 2015 WHEN THE FUNDS COMMENCED. THE RISK INDICATOR MAY THEREFORE PROVIDE A LESS RELIABLE INDICATOR OF THE POTENTIAL FUTURE VOLATILITY OF THESE INVESTMENT OPTIONS. SEE SECTION 4 'WHAT ARE THE RISKS OF INVESTING?' FOR MORE INFORMATION.

Changes to the SIPO

We can make changes to the Statement of Investment Objectives and Policy (SIPO) for the Scheme 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 SIPO. For material changes, we will give 30 days' notice to investors prior to the changes coming into effect.

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 product disclosure statement.

(However, 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 the SIPO can be found on the Scheme's register entry at www.companiesoffice.govt.nz/disclose.

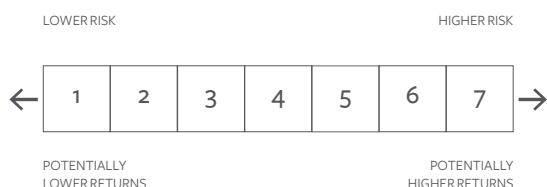
Further information about the assets in each investment option can be found in the fund updates at www.companiesoffice.govt.nz/disclose.

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 for each investment option can be found in section 3 'Description of your investment option(s)'.

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.

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 the relevant investment option.

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

There are other factors that may affect an investor's returns that are not reflected in the risk indicator.

SBS Bank counterparty risk: The Lifestages Income Fund has a significant exposure to the SBS Bank through its investments in unsecured deposits issued by SBS Bank.

Any event or circumstance affecting SBS Bank's ability to pay interest on, or repay the principal amount of, those investments could mean that SBS Bank is unable to make interest payments, or is unable to repay those investments when they mature (or at all).

See the 'Other Material Information' document on the offer register at www.companiesoffice.govt.nz/disclose for more information about risk.

5. What are the fees?

You will be charged fees for investing in the Scheme. 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)	Other charges
Lifestages Income Fund	0.65%	0.56%	1.21%	Member fee of \$24 per annum per member
Lifestages High Growth Fund	0.85%	0.56%	1.41%	
Lifestages Auto 0–34	0.85%	0.56%	1.41%	
Lifestages Auto 35–44	0.79%	0.56%	1.35%	
Lifestages Auto 45–54	0.75%	0.56%	1.31%	
Lifestages Auto 55+	0.71%	0.56%	1.27%	

* ANNUAL ADMINISTRATION CHARGES INCLUDE ESTIMATES OF UNDERLYING FUND CHARGES RANGING FROM 0.09% TO 0.49%. ACTUAL CHARGES WILL DEPEND ON THE PERFORMANCE OF THE UNDERLYING FUNDS AND INVESTMENT MANAGERS AND MAY VARY FROM THE ESTIMATES. ACTUAL CHARGES OVER THE PAST 12 MONTHS ARE AVAILABLE IN THE LATEST FUND UPDATES.

All fees are disclosed as a % of the 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: Each Fund has an annual management fee, which is used to pay for the investment management services and the administration costs of the Fund. The fee is deducted from, and reflected in the unit price, of the Funds concerned.

Administration charges: This covers expenses incurred in running the Funds (e.g. accounting, audit, and regulatory compliance costs). This also covers the Supervisors' annual fee (for the services it provides) and an estimate of fees and expenses incurred by the underlying funds. These fees are deducted from, and reflected in the unit price of the Funds concerned.

Other charges: This is a monthly member fee of \$2 (\$24 per annum), deducted from your account the following month by cashing up some of your units.

Individual action fees: We do not currently charge any contribution, establishment, termination, or withdrawal fees, although we may do so in the future. See the 'Other Material Information' document on the offer register at www.companiesoffice.govt.nz/disclose for more information about fees.

Example of how fees apply to an investor

Michelle invests \$10,000 in the Lifestages High Growth Fund. The starting value of her investment is \$10,000.

She is charged management and administration fees, which work out to be about \$141 (1.41% of \$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Over the year Michelle pays other charges of \$24

Estimated total fees for the first year

Individual action fees:	\$0
Fund charges:	\$141
Other charges:	\$24

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 High Growth Fund. If you are considering investing in another Fund, or investment option, in the Scheme, this example may not be representative of the actual fees you may be charged.

The fees can be changed

We may agree with the Supervisor to vary the fees from time to time. Fees not currently charged may also be introduced at any time as permitted by the Trust Deed. However any changes in fees will be subject to the 'reasonable fees' restrictions outlined in the KiwiSaver Act.

We must publish a fund update for each investment option 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.

6. What taxes will you pay?

The Scheme 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. 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/diclose for more information about tax.

7. Who is involved?

About Funds Administration New Zealand Limited

FANZ is the manager of the Scheme.

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
- > 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 investment options 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
- > Online at 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
- > Online at 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 Scheme, including financial statements, annual reports, quarterly fund updates, and the Trust Deed and SIPO for the Scheme is available on the offer registers and the scheme registers at 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 or obtained on written request from FANZ.

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.

You will not be charged any fee to access this information.

10. How to apply

You can join the Scheme by completing the application form (unless you have been automatically enrolled in the Scheme by your employer). You will need your IRD number and document(s) to verify your identity.

