

Fund Update

Lifestages KiwiSaver Scheme

Lifestages Income Fund

for the quarter ended 31 December 2017

This fund update was first made publicly available 13 February 2018



What is the purpose of this update?

This document tells you how the Lifestages Income Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Funds Administration New Zealand Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

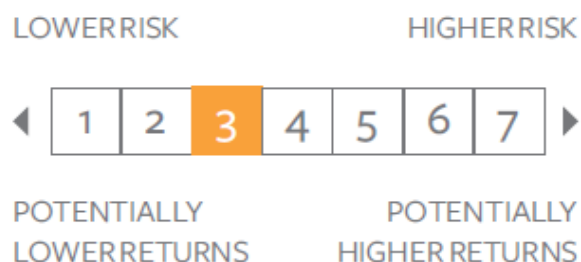
Description of this fund

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.

Total value of the fund	\$63,381,127
Number of members in the fund	5,442
The date the fund started	14 October 2015

What are the risks of investing?

Risk indicator for the Lifestages Income Fund:



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. 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 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 past 5 years. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

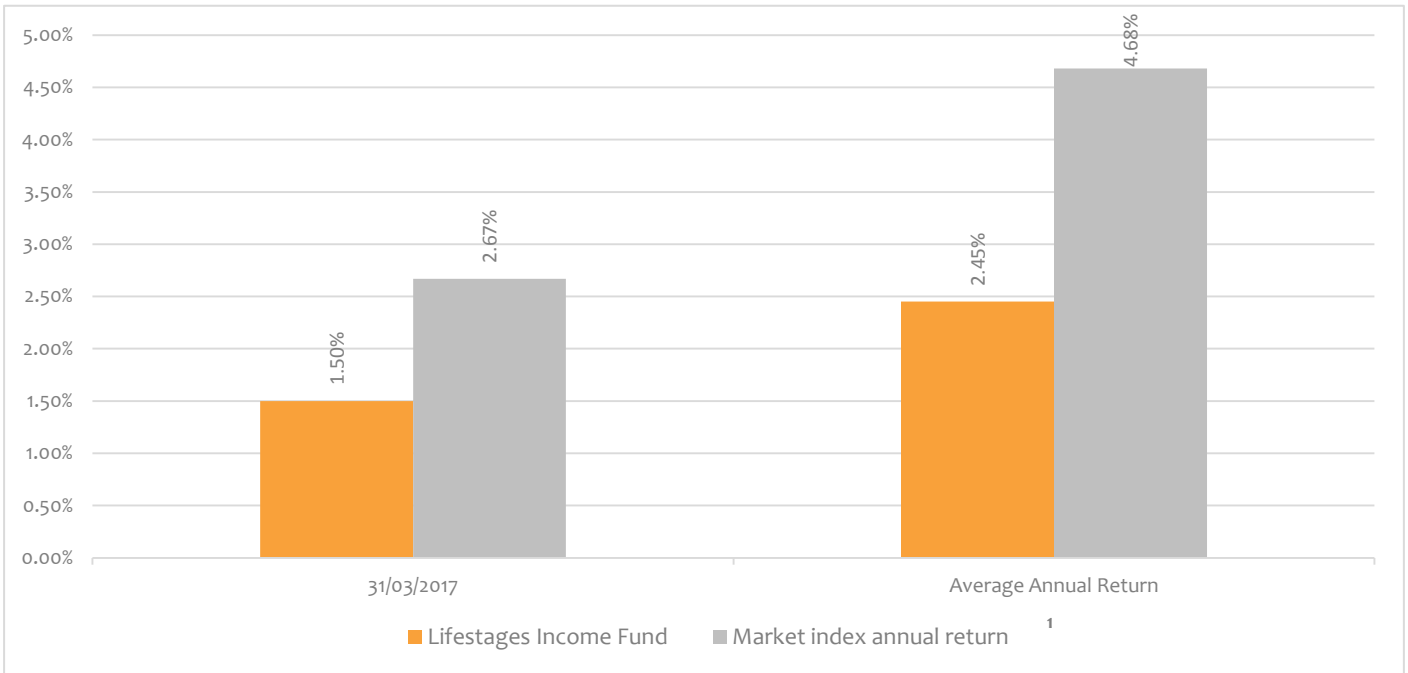
How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	3.16%
Annual return (after deductions for charges but before tax)	4.32%
Market index annual return (reflects no deductions for charges and tax)	5.68%

The market index annual return is based on a composite index, calculated using the target investment mix weightings of the underlying market indices that the fund invests into. The benchmark indices used for each asset class are defined in the Statement of Investment Policy and Objectives (SIPO).

Additional information about the market index is available in the SIPO on the offer register (search for Lifestages KiwiSaver) at www.companiesoffice.govt.nz/disclose.

Annual Return Graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 31 December 2017.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Lifestages Income Fund are charged fund charges. In the year to 31 March 2017 these were:

	% of net asset value
Total fund charges (estimated)	1.22%
Which are made up of -	
Total management and administration charges	1.22%
Including -	
Manager's basic fee	0.65%
Other management and administration charges ²	0.57%
Total performance-based fees	0.00%
Other Charges	
	Dollar amount per investor
Member fee	\$24.00

The percentage shown for the 'Other management and administration charges' includes an estimate of the fees and expenses incurred in the underlying funds in which the fund invests.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the 'Other Material Information' document for the Lifestages KiwiSaver Scheme on the offer register (www.companiesoffice.govt.nz/disclose) for more information about those fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

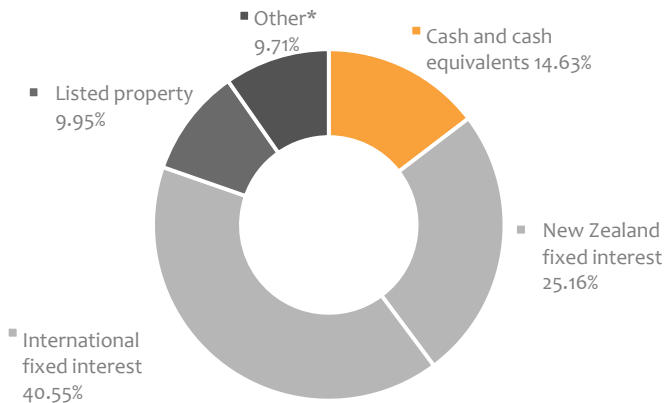
Example of how this applies to an investor

Hayley had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Hayley received a return after fund charges were deducted of \$432 (that is 4.32% of her initial \$10,000). Hayley also paid \$24.00 in other charges. This gives Hayley a total return after tax of \$292.00 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.

Actual investment mix



Target investment mix

Asset type	Allocation
Cash and cash equivalents	15.00%
New Zealand fixed interest	25.00%
International fixed interest	40.00%
Listed property	10.00%
Other*	10.00%

Top 10 investments

Name	Percentage of fund net assets	Type	Country	Credit rating (if applicable)
1 Dimensional Global Bond Trust NZD Class	27.92%	International fixed interest	AU	
2 Harbour NZ Core Fixed Interest Fund	25.16%	New Zealand fixed interest	NZ	
3 Dimensional Two-Year Diversified Fixed Interest Trust – NZD Class Units	12.63%	International fixed interest	AU	
4 Vanguard International Property Securities Index Fund	9.95%	Listed property	AU	
5 Vanguard Global Infrastructure Index Fund	9.71%	Other*	AU	
6 Southland Building Society term deposit- series 39	8.45%	Cash and cash equivalents	NZ	BBB
7 Southland Building Society term deposit maturity 260218	2.42%	Cash and cash equivalents	NZ	BBB
8 Southland Building Society term deposit maturity 180418	2.40%	Cash and cash equivalents	NZ	BBB
9 Cash Deposit (ANZ Bank)	1.61%	Cash and cash equivalents	NZ	

The top 10 investments make up 100.25% of the net asset value of the fund.

*Other includes infrastructure assets.

Currency hedging

Currency hedging can apply to some of the asset classes this fund invests in. The level of currency hedging for foreign assets is managed to a target of 100% for international fixed interest and 0% for the other foreign assets. This may change over time depending on the Manager's view of the relative strength (or weakness) of the New Zealand dollar.

Additional information about the hedging policy can be found in the SIPO which is available on the Disclose offer register at www.companiesoffice.govt.nz/disclose.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund.

Name	Current position	Time in current position	Previous or other position	Time in previous or other position
Graham Duston	Investment Committee member	16 years and 3 months	Chief Executive Officer, Funds Administration New Zealand Ltd (current)	16 years and 3 months
Damon O'Brien	Independent Investment Committee member	2 years and 8 months	Chief Investment Officer, Consilium Limited	5 years and 9 months
Martin Pike	Investment Strategist	2 years and 4 months	National Manager, Investment Product & Services, AMP Financial Services	2 years and 4 months
Mike Skilling	Independent Director / Investment Committee chairperson	1 years and 7 months	GM Business Financial Services & Private Banking, BNZ	8 years and 0 months
Derek Young	Investment Committee member	13 years and 6 months	Executive Director, Funds Administration New Zealand Ltd (current)	13 years and 6 months

Further information

You can also obtain this information, the PDS for Lifestages KiwiSaver Scheme, and some additional information from the offer register at www.companiesoffice.govt.nz/disclose.

Notes

¹ Note that market indices reflect no deduction for charges and tax.

² This covers expenses incurred in running the fund (e.g. accounting, audit, and regulatory compliance costs). This also covers the Supervisor's annual fee (for the services it provides) and an estimate of fees and expenses incurred by the underlying funds. 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). These fees are deducted from, and reflected in the unit price of the fund.

Contact information

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