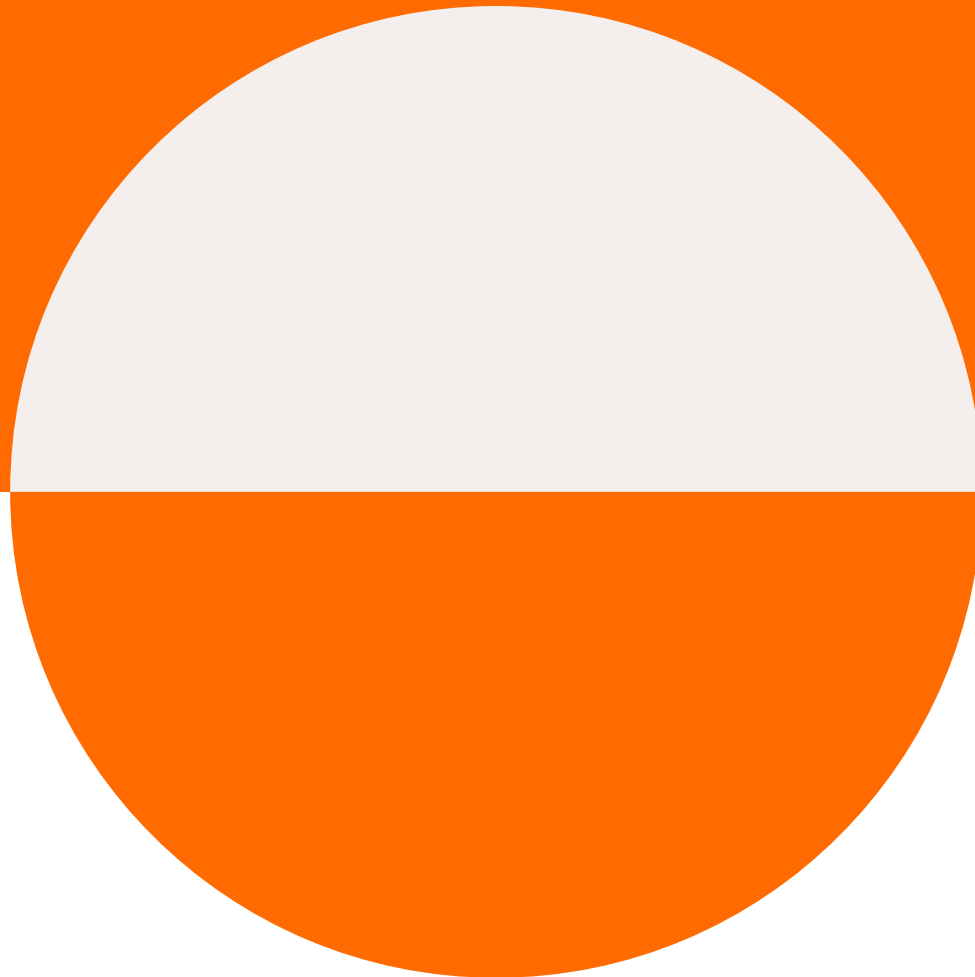


# Other Material Information Lifestages Investment Funds

As at 1 September 2023

This is a replacement Other Material Information document ("OMI") for the OMI dated 16 April 2021.



Lifestages is an operating division of Funds Administration New Zealand Limited ("FANZ") and the issuer of this offer. FANZ is a wholly owned subsidiary of Southland Building Society, operating as "SBS Bank". FANZ is a Class 2 Financial Advice Provider. 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.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). FANZ has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision.



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Investments in the Funds do not represent deposits or liabilities of FANZ or its parent company Southland Building Society, operating as "SBS Bank" (or any other member of the SBS Bank group) and are subject to investment risk. The investment risk includes possible delays in repayment and loss of income or contributions invested. Historical returns are no guarantee of future performance.

The principal and returns of the Funds (including their capital value and performance) 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), the Government, or any other person.

## 1. Introduction

This document contains additional information about the Lifestages Investment Funds (“Funds”) to help you make your investment decision.

This document should be read alongside the Product Disclosure Statement for the Lifestages Investment Funds (“PDS”). The PDS and this document can be found at **[www.lifestages.co.nz](http://www.lifestages.co.nz)**.

Where you are investing through a custodial administration service, you will need to make payment to the provider of that service by following the process it has.

The master trust deed covering all the Funds, the respective Statements of Investment Policy and Objectives (“SIPO”), establishment deeds for each of the Funds, and other useful information about this offer can also be found at **[www.lifestages.co.nz](http://www.lifestages.co.nz)**.

## 2. How does this investment work?

The Funds are a suite of managed investment schemes managed by Funds Administration New Zealand Limited (“FANZ” or “Manager”, “us”, “we”), a subsidiary of SBS Bank. The Supervisor is Trustees Executors Limited (“Supervisor”). The Lifestages Investment Funds are governed by a consolidated master trust deed dated 1 November 2016 between the Manager and the Supervisor (“Trust Deed”).

There are three separate funds offered under the PDS: Lifestages World Bond Portfolio, Lifestages Australasian Equity Portfolio, and Lifestages World Equity Portfolio (each a “Fund”).

Each Fund is a multi-rate Portfolio Investment Entity (“PIE”) for tax purposes. This means that any taxable income of the Funds will be taxed at your Prescribed Investor Rate (“PIR”).

Your investment is applied towards units in the Fund(s) you choose. The value of your units change to reflect the returns of those Fund(s) (either positive or negative), as well as the Fund’s fees and expenses.

Each Fund invests in different types of investments. You can choose to invest in one of these Funds or a combination of Funds.

The Lifestages World Bond Portfolio invests primarily in a diversified portfolio of international investment grade income securities.

The Lifestages Australasian Equity Portfolio invests primarily in New Zealand and Australian shares.

The Lifestages World Equity Portfolio invests primarily in international shares.

### Making investments

Where you are investing through a custodial administration service, you will need to make payment to the provider of that service by following the process it has.

We have an absolute discretion to accept or refuse to accept any application for units in the Funds in whole or in part. If we reject an application we do not need to give reasons. If we reject an application, we will promptly refund the money paid. Interest will not generally be paid on application moneys refunded, although we have a discretion to pay interest if we consider it appropriate.

This also applies to all parties associated with entities such as trusts or companies. Investments of any amount can usually be made, provided the following minimums are met:

Initial investment	Additional lump sum investment	Regular investment
\$500	\$500	\$100 per month

We can waive these minimums either generally or in a particular case. These minimums could change in the future.

We may treat applications for units as either a subscription for units in the relevant Fund(s) at the current unit value or as a request for the purchase, from a unit holder that we nominate, of units in the relevant Fund(s) at the current issue price.

The unit value is the amount calculated on the most recent “unit value determination day” by dividing the withdrawal value of the relevant Fund by the number of units on issue. The withdrawal value of a Fund is essentially the market value of all investments of the Fund less its liabilities and the costs that would be incurred in selling the Fund’s assets on that day. Currently, each business day is usually a “unit value determination day”, although we could change this with the Supervisor’s agreement.

The issue price is the unit value plus any entry fee of an amount determined by us from time to time (or switching fee if applicable). It is our policy not to charge entry, exit, or switching fees.

We can, by notice to the Supervisor, determine that no further units in a particular Fund or Funds will be issued for a specified period or until the relevant Fund is (or Funds are) terminated.

## Withdrawing and Switching

A withdrawal notice must be in writing, or, subject to certain conditions, given by electronic means. A withdrawal notice must specify the dollar amount or number of units to be withdrawn, and comply with any specifications we prescribe. Unless we agree otherwise, a withdrawal notice is irrevocable once given.

A withdrawal from a Fund is subject to the deduction of any duty or tax payable, the payment of any exit fee, and our and the Supervisor's right to be reimbursed for expenses.

The number of units withdrawn and the number of units remaining must satisfy the minimum requirements set by us from time to time, unless the withdrawal is for all of a unit holder's units in the relevant Fund.

A partial withdrawal must be for units with a withdrawal value of at least \$100 and must not reduce the remaining Fund holding value below \$500. We can waive these requirements.

Unit holders can switch a dollar amount or number of units between Funds by giving us a switching notice and completing the relevant documentation. Any minimum values applying must be met and a notice is irrevocable once given. Switching notices must comply with any specifications we prescribe. At least 500 units must be switched, and unit holders must hold at least 500 units in each Fund, unless a switch is for all units in the existing Fund.

A switching notice takes effect as a withdrawal of units from the existing Fund and an application for units in the requested Fund(s). The provisions of the Trust Deed relating to withdrawals (including, for example, the ability to suspend withdrawals) apply with all necessary modifications.

We require unit holders to provide us with evidence of their identity before giving effect to any withdrawal or switch.

If a unit holder holds less than the minimum number of units for a Fund, we may give them not less than one month's written notice of our intention to redeem their units. If they still hold less than the minimum number of units at the end of that notice period we may, within seven days, redeem their units as if they had given a withdrawal notice.

By investing through a custodial administration service, you will not become a direct investor in the Fund(s), and will not have a direct relationship with us or the Supervisor. Rather, the custodial administration service will have the direct relationship with us and will be able to exercise any rights attached to the units held in the Fund(s). You will have a direct investment relationship the custodial administration service.

## Suspension of Withdrawals

If as a result of a decision to wind-up a Fund, or because of:

- a) the suspension of trading on any exchange;
- b) financial, political, or economic conditions in any financial market;
- c) the nature of any investment;
- d) total investments in the Fund becoming less than \$50,000;
- e) the occurrence or existence of any other circumstance or event relating to the Fund or generally; or
- f) the receipt of a withdrawal notice for the number of units, or a dollar value of units, representing 10% or more of the withdrawal value of the Fund

it would be materially prejudicial to the interests of any unit holders for units specified in a withdrawal notice to be redeemed, we may suspend withdrawals and switches from that Fund by giving a notice to that effect to all unit holders in that Fund.

During any suspension we may, with the Supervisor's agreement, give effect to a withdrawal notice in part or in full if we determine, in our discretion, that due to special circumstances a failure to allow the withdrawal would cause personal hardship to the relevant unit holder.

A suspension may last up to three months, unless the Supervisor agrees to an extension. There is no limit on the period that a suspension can be extended for with the Supervisor's agreement.

## **Transfer and assignment of units**

Unit holders can transfer units to another person by completing a transfer form approved by us.

The number of units transferred and the number of units remaining must satisfy the minimum requirements set by us from time to time. A transfer must be for at least 500 units and both the existing unit holder and the transferee must hold at least 500 units in a Fund (unless the existing unit holder transfers all of his or her units).

We may suspend transfers from time to time. We cannot suspend transfers for more than 30 working days in a calendar year without the Supervisor's agreement.

We will recognise the executors or administrators of a deceased unit holder (or in the case of joint unit holders, the surviving unit holder(s)) as having any title to, or interest in, a deceased unit holder's units.

Any person who has authority to administer the estate of a person without legal capacity, or who becomes entitled to units due to the death, bankruptcy, or liquidation of a unit holder, will be registered as the holder of those units, or be permitted to transfer these units, upon producing such evidence of capacity or title as we think sufficient.

## **Investing through a Custodial Administration Service**

Where you invest through a custodial administration service you will not become a direct investor in the Fund(s) and will not have a direct relationship with us or the Supervisor. Rather, the custodial administration service provider will have the direct relationship with us and will be able to exercise any rights attached to the units held in the Fund(s). We will send all reports, notices, and documentation in respect of the Fund(s) to the custodial administration service provider, not to you. You will have a direct relationship with the custodial administration service provider.

To make an investment in or a withdraw from, or to switch between, a Fund(s) you will need to complete the necessary documentation required by your custodial administration service provider.

### 3. The Funds

The Lifestages Investment Funds PDS offers a suite of three funds;

- Lifestages World Bond Portfolio;
- Lifestages Australasian Equity Portfolio; and
- Lifestages World Equity Portfolio.

Each Fund has its own investment objectives and policies, the details of which are set out in the SIPO for each Fund.

Each Fund also has a quarterly fund update, which details the Fund's performance, fees, current holdings and key personnel.

These documents can be found at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (search for Lifestages Investment Funds) and at [www.lifestages.co.nz](http://www.lifestages.co.nz).

None of the Funds make distributions of income. Returns to unit holders are by way of changes in the value of their units. However, the distribution policy for a Fund could change in the future.

## 4. What are the risks of investing?

You do not incur any liabilities (including contingent liabilities) in relation to the Funds other than the purchase price of units and a requirement to indemnify us and the Supervisor in respect of any tax paid or payable in respect of you and your units.

All investments involve some degree of risk that can affect your ability to recover the full amount of your investment or impact on the level of return.

This document provides further information of investment return risks contained at a high level in the PDS, and outlines some of the other general investment risks that may apply.

<b>Risk</b>	<b>Description</b>
Investment return risk	<p>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.</p> <p>Investments are often divided into five major investment classes – cash, fixed interest, property, shares, and alternative assets – which generally have differing levels of risk.</p> <p>Determining how much risk to take should be related to the length of time the investment is for. Generally, if investing for a longer period of time, a fund should hold more growth assets. Returns are expected to be higher and there is a longer time period in which to balance out any negative returns received against positive returns. Lower risk investments are usually more suitable for someone with a shorter time horizon, as greater stability in returns is required with less risk of loss of capital.</p> <p>Each investment class has different characteristics and specific investment risks that relate to the particular class. For example:</p> <ul style="list-style-type: none"><li>• Cash is suited to short term requirements, but inflation erodes its value. In addition, where cash assets are placed on bank deposit there is a small risk of the bank defaulting, meaning that some or all of the cash may be lost.</li><li>• The value of fixed interest investments is affected by changes in interest rates and there is the risk of the issuer not making the required interest payments and/or not repaying the investment.</li><li>• Shares offer the possibility of greater returns and tend to be more accessible and liquid than other securities. However, the risk factor with shares is relatively high, as the value is very much dependent on the performance of the company that issued them, as well as market opinion. There are also extra costs due to brokerage services.</li><li>• The performance of listed property investments tends to reflect the performance of the wider property market over the long-term. Over shorter investing durations listed property investments are not as susceptible to a lack of liquidity as direct property investments, but they can experience some volatility. There are also management and other costs associated with listed property investments.</li></ul>



Other general risks that may also affect some or all of your investment are:

Risk	Description
Interest rate risk	Interest rate risk is the risk that the Funds' investment return will fluctuate as a result of changes in interest rates. The Funds' exposure to interest rate risk primarily arises from investments in interest-bearing instruments such as cash and bonds.
Market risk	Investments generally are affected by movements in market demand and supply, economic conditions, market sentiment, inflation, interest and currency exchange rates, political events, natural disasters, pandemics, climate change, regulatory changes, and consumer demand. The level of market risk a fund is exposed to primarily depends on the asset classes it invests in. For example, equities, listed property, and listed infrastructure assets are considered to be more risky than cash and cash equivalents and fixed interest assets. However, there are times when some individual assets can be more negatively impacted by a specific market event than other assets. For instance, the value of assets in a particular region may fall more in response to a pandemic or a geopolitical event.
Liquidity risk	Liquidity risk is the risk that the Funds will experience difficulty in realising assets, having to liquidate assets at a time of duress which means a sub-optimal price is realised, or otherwise experiencing difficulty raising sufficient funds to satisfy financial obligations. Low liquidity means it may not be possible to sell assets at the desired time at fair value. This will impact the Funds' ability to make payments as required, such as paying returns.
Counterparty risk	Counterparty risk is the risk that a party to a financial contract (including an investment contract) defaults or is otherwise unable to fulfil their obligations. If this occurs, the full amount of the investment may not be recovered. The underlying fund managers analyse counterparty creditworthiness by undergoing a due diligence process when selecting counterparties to transact with.
Operational risk	The risk of a technological, process, or other failure affecting the Fund's operations or the financial markets in general. Any risk of technological failure could impact your returns or ability to withdraw from the Funds.
Regulatory risk	The risk that a Fund is affected by future changes to tax, managed investment scheme regulation, or other legislation. These changes could affect the Fund's investments by impacting on its operation, returns and benefits available.
Risk of losing PIE tax status	There is a risk that if a Fund fails to satisfy PIE eligibility criteria, and that failure is not remedied within the period permitted under the Income Tax Act 2007, then that Fund may lose PIE status and revert to a widely held managed fund taxed at a flat rate of 28%, rather than at your own prescribed investor rate.

<b>Risk</b>	<b>Description</b>
Risk of restrictions of withdrawals, transfers or switches	<p>There is a risk that we may give notice to defer withdrawals, or switches between Funds if we determine that it is not practicable, or would be materially prejudicial to the interest of investors generally for us to give effect to withdrawals in respect of the relevant Fund or Funds.</p> <p>For example, we may suspend withdrawals from a Fund if a significant unit holder in a Fund submits a withdrawal notice for units representing 10% or more of the withdrawal value of the relevant Fund.</p>
Insolvency risk	<p>The risk that a Fund becomes insolvent and is placed into receivership, liquidation or statutory management, making it unable to meet its financial obligations. If a Fund becomes insolvent then you may not recover the full amount of your investment in the Fund. However, you won't incur any liability to any person, other than for expenses, fees or taxes payable before the insolvency.</p>
Borrowing risk	<p>The risk that where borrowing has occurred in relation to a Fund, the lender would have the right to demand payment from that fund at short notice. The level of borrowings by the Funds is subject to certain conditions in the Trust Deed.</p>

Other risks that relate to the Funds are:

<b>Risk</b>	<b>Description</b>
Bank Counterparty risk	<p>Each Fund's cash liquidity exposure is obtained primarily through investments in unsecured deposits (including redeemable shares) issued by ANZ Bank New Zealand Limited (ANZ), other registered banks or financial institutions ("they"). New Zealand fixed interest exposure, where applicable, may also be obtained in part by investments with banks. Any event or circumstance affecting ANZ, any other registered bank or financial institution's ability to pay interest on, or repay the principal amount of, those investments could mean that they are unable to make interest payments or is unable to repay those investments when they mature (or at all).</p>
Underlying investment manager selection risk	<p>Even though professional underlying investment managers make the investment decisions for the Funds, the outcomes cannot be predicted with certainty and results will vary accordingly. There is a risk that an underlying investment manager selected by FANZ underperforms, resulting in lower returns than the relevant market or objective.</p>
Service provider risk	<p>The risk that if any of the parties involved in the operation of the Funds (including the Supervisor and underlying administration or fund managers) fail to perform their obligations, it could adversely affect investors of the Funds.</p>

<b>Risk</b>	<b>Description</b>
Concentration risk	As the Funds invest in a single asset class, an investor may be exposed to concentration risk if they are only invested in that Fund. At any given point, market conditions that cause one asset class to do well may cause another asset class to do badly. Where an investor's Fund only comprises of a single asset class they will not benefit from the effects of diversification where the market conditions that cause one asset class to do well may cause another asset class to do badly. Therefore the value of their investment will be dependent on the performance of that particular asset class.

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## 5. What are the fees?

### Annual fund charges

The total estimated annual fund charges for each Fund are described in the Lifestages Investment Funds PDS, and are made up of:

- an annual management fee; and
- various administration charges.

These are described further below.

### Management fee

We charge an annual management fee to each Fund as set out in the Funds' PDS. These amounts are inclusive of GST. 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.

This fee is calculated as a percentage of the relevant Fund's net asset value and deducted within the Fund's unit pricing valuation.

We can change the amount of the management fee that we charge. The maximum management fee we can charge is 5% per year of the gross asset value of the fund (unless the Supervisor agrees to a higher amount). Where fees are increased we will give affected unit holders 30 days' prior notice.

### 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 most recent completed financial year are available in the latest fund update for each Fund which you can find here [www.lifestages.co.nz/lifestages-investment-funds/investment-funds-document-library/](http://www.lifestages.co.nz/lifestages-investment-funds/investment-funds-document-library/).

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 completed Financial Year as the date of the Funds' PDS). There is no maximum amount for these fees, costs and expenses.

These fees (excluding underlying fund fees) and any expenses are charged to us, rather than the Funds. The Supervisor is entitled to the reimbursement of expenses incurred in performing services in respect of each Fund, and to charge GST or any similar tax on duty payable in respect of its fees. We are entitled to recover the amount of the fee (and any applicable GST or similar tax or duty payable in respect of such fee) as well as any expenses from the Funds as an expense.

### Performance fees

We do not 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, subject to giving affected unit holders at least 30 days' prior notice.

We are entitled to charge a maximum establishment fee of 5% of unit value for each of the Funds.

We are entitled to charge a maximum exit fee on all Funds of 5% of the amount withdrawn.

The switching fee may differ depending on the Fund or the configuration of the switch transaction. The maximum switching fee is currently 5% of the amount switched.

### Trading costs

An underlying fund may incur trading costs. Trading costs are the costs of buying and selling investments of a Fund. Trading costs are incurred in the underlying funds, which will indirectly affect the value of your investment.

### **Estimate of total annual fund charges**

We are required to show the total annual fund charges in the PDS as a percentage of the net asset value of a Fund.

The total annual fund charges are shown in the PDS as an estimate based on actual fund charges at the end of the most recent completed financial year ending 31 March as at the date of the Funds' PDS. However, the actual fund charges are based on the net asset value of the relevant Fund each valuation day. As a result, the amount each Fund pays may differ from the estimates shown.

If we are removed as manager by extraordinary resolution of investors (otherwise than for negligent or wilful failure to perform our duties and obligations under the Trust Deed), we are entitled to an amount paid out of each Fund equal to the total fees we have received pursuant to the Trust Deed during the 24 months preceding the date of our removal.

We can change these fees or introduce new fees in the future, subject to the maximum fees set out in the Trust Deed and establishment deeds. Where fees are increased, we will give affected investors 30 days' prior notice.

## 6. What taxes will you pay?

### Taxation

Your returns are affected by tax. This section is based on our current understanding of New Zealand tax law as it affects you and the Funds.

Tax law, its interpretation and the rates that apply may change. The application of tax law depends on your circumstances. We and the Supervisor do not take responsibility for your tax liabilities. If you have questions about how tax affects your individual circumstances we recommend you talk to an independent tax advisor.

GST is payable on some of the fees that make up the annual fund charge. The way GST applies to the Funds could change.

### Taxable income is taxed at the prescribed investor rate ("PIR") you provide

Each Fund is a portfolio investment entity ("PIE"). This means that taxable income of each Fund is attributed to you (based on your interest in the Fund) and taxed at the PIR that you tell us.

We calculate the taxable income (or loss) as well as any tax credits or other amounts attributable to you every day. We then pay tax (if any) on the taxable income of the Fund that is attributed to you at the PIR you tell us. If you do not tell us your IRD number and PIR the highest PIR will apply.

To determine your PIR, go to [www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](http://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate).

### Your PIR and IRD number

It's important to tell us your correct PIR and IRD number when you join. It's also important to let us know if your PIR changes.

If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process.

If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

Inland Revenue may require us to apply a different PIR if they decide you have given us an incorrect PIR. In this case, we have to apply the PIR that Inland Revenue considers appropriate. You can subsequently provide us with a different PIR if you believe the PIR Inland Revenue provided is incorrect.

If you do not provide your IRD number within six weeks, we are required to close your account and treat you as having exited on the last day of the six week period.

### Other information about PIRs and taxable income attributed to you

It is important that all investors investing jointly provide their PIR as we must use the highest rate. If not all PIRs are provided we will pay tax at 28% even if one investor has notified us of a lower rate.

If you have become a New Zealand tax resident, your PIR should generally be based on your worldwide income and not solely on your New Zealand income.

If you have a PIR of 0% or are a trustee that has elected a PIR that is lower than 28%, you must include the taxable income of the relevant Fund that is attributed to you in your tax return and pay any applicable tax. Your share of any tax credits for PIE tax losses or other excess tax credits a Fund receives will usually be allocated to you by the issue of additional units. If you are a trust that has elected the 10.5% or 17.5% rate, you cannot include a loss attributed to you in your tax return.

If you change your PIR, we don't reassess the tax already deducted from your investment. The new PIR will apply to the taxable income (or loss) of the fund that is attributed to you that has not already been taxed in the current tax year.

The taxable income of the fund that is attributed to you currently impacts your eligibility for family assistance and student allowances. It is also included when determining your income for the purposes of calculating student loan repayment obligations and child support payment obligations.

### How we pay tax on your behalf

We reduce your investment to pay tax on your behalf. We do this:

- shortly after 31 March at the end of the tax year;
- when you withdraw, transfer or switch part or all of your investment and;
- at any other time when the value of your investment is too low to cover your accrued tax liability.

If we receive a tax refund on your behalf, your investment will increase by the value of the tax refund.

### How the Lifestages Investment Funds' assets are taxed

The funds invest in a combination of managed New Zealand PIE funds, overseas managed funds directly held New Zealand resident companies and companies resident in Australia that are listed on the Australian Securities Exchange, and directly held companies listed in New Zealand, Australia, or other major countries (e.g. US, UK, France, Switzerland).

The underlying PIE funds will attribute PIE income to the funds, so income and gains or losses will be taxed in the same way as if the underlying investments had been held by the funds directly.

Gains or losses made by a Fund on most holdings of New Zealand resident companies and Australian resident listed companies with franking accounts that are included on an Australian Stock Exchange approved index are not taxable or deductible, although distributions from these holdings are taxable. This may change in the future.

For the overseas managed funds that we invest in, the fair dividend rate method applies. Under the fair dividend rate method, the underlying funds are treated as deriving taxable income equal to 5% of the average daily market value of those investments. Dividends or profits from the sale of these investments are not taxable and losses from sale are not deductible.

Foreign tax credits may be available to offset any tax payable (subject to certain limits). Foreign shares and funds held by the Funds are generally taxed under the comparative value method (that is, on the basis of the annual change in market value plus distributions and any disposal gains) if they:

- Offer guaranteed or fixed rate returns;
- Are non-participating redeemable shares;
- Are 80% or more invested in financial arrangements or fixed rate shares that are denominated in or hedged to New Zealand dollars; and/or
- Are otherwise determined by Inland Revenue to be debt in economic terms.

Debt securities and other financial arrangements held by the funds directly are taxed under the financial arrangement rules using the IFRS taxpayer method, which reflects financial reporting. Income and gains or losses from other investments held by an underlying fund will be taxable. Withdrawals from the Funds are not taxed as they are excluded income.

### PIE tax advantages

Investing in a PIE can provide tax advantages relative to direct investment. Capital gains made on most investments in New Zealand shares, and most Australian listed shares, are not taxable irrespective of the level of trading undertaken. In addition, because the prescribed investor rates at which tax is paid on PIE income are capped at 28%, and no other tax is generally payable by individual members, there can be tax advantages if you are on a higher marginal tax rate.

## 7. Changes that may be made

<b>Change</b>	<b>How changes may be made</b>
Trust Deed	<p>We and the Supervisor may at any time make any alteration, modification, variation or addition to the provisions of the Trust Deed (by means of a deed executed by us and the Supervisor) in either of the following cases:</p> <ul style="list-style-type: none"><li>• if the Supervisor is satisfied that the change does not have a material adverse effect on the unitholders; or</li><li>• if the change is approved by, or contingent on approval by, special resolutions (as defined in the Trust Deed) of the unitholders that are or may be adversely affected by the change (or, if applicable, of each separately affected class of unitholders in each Fund).</li></ul>
Investments	<p>Each Fund is invested in “authorised investments”. Each Fund’s particular authorised investments are set out in its Establishment Deed and listed in the SIPO.</p> <p>We and the Supervisor can change the authorised investments and investment strategy for a Fund by amending its Establishment Deed. We can change other aspects of a Fund’s investment policy and objectives by amending the SIPO after giving notice to the Supervisor in accordance with the Trust Deed. We will give affected unit holders 30 days’ notice of any material changes to the SIPO.</p>
Winding up	<p>A Fund will be wound up if:</p> <ul style="list-style-type: none"><li>• a special resolution of unit holders of that Fund is passed resolving to wind up that Fund;</li><li>• the minimum holding (currently \$50,000 for each Fund) has ceased to be maintained and we determine to wind up that Fund;</li><li>• we determine to wind up the Fund and give three months’ notice to the Supervisor and each unit holder; or</li><li>• eighty years less two days has passed since the commencement date for that Fund.</li></ul>



## 8. Who is involved?

### Manager

Funds Administration New Zealand Limited is the manager of the Lifestages Investment Funds. We are also the issuer of the membership interests in the Funds. We are responsible for offering membership, accepting applications, allocating interests to members, managing assets, and administering the Funds.

We are a subsidiary of Southland Building Society trading as SBS Bank ([www.sbsbank.co.nz](http://www.sbsbank.co.nz)).

The names of our directors can be obtained from the Companies Office website at:

**<https://companies-register.companiesoffice.govt.nz/>**

Funds Administrations New Zealand's directors may change from time to time.

### Supervisor

Trustees Executors Limited is the supervisor of the Funds. The Supervisor was incorporated in New Zealand under the Joint Stock Company Act 1860 on 6 July 1881. It was re-registered under the Companies Act 1993 on 30 June 1997. On 1 May 2002 in New Zealand, the Supervisor's status as a statutory trustee company was reconfirmed under its own Act of Parliament, the Trustees Executors Limited Act 2002.

The Supervisor's parent company in New Zealand is Sterling Grace (NZ) Limited, incorporated in New Zealand on 30 July 2003. That company is ultimately owned by the Grace family, through various private trusts.

The Supervisor has been granted a full licence under the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of registered schemes. The licence conditions may change over time. See [www.fma.govt.nz](http://www.fma.govt.nz) for a full list of these conditions.

The Supervisor's directors can be obtained from the Companies Office website at:

**<https://companies-register.companiesoffice.govt.nz/>**

Trustees Executors Limited directors may change from time to time.

The Supervisor is responsible for custody of the Funds' assets, and supervising the performance of our functions under the Trust Deed and all relevant law.

The Supervisor may delegate any of its duties, powers or discretions (except for its obligation to supervise the performance by us of our functions under the Trust Deed and the Financial Markets Conduct Act 2013) to any person it nominates, or appoint any person to be its attorney or agent. The Supervisor remains responsible for the acts and omissions of any such person it nominates or appoints.

Trustees Executors Limited has nominated its wholly owned subsidiary T.E.A. Custodians Limited to hold the Funds' assets in its name. Trustees Executors Limited retains primary responsibility for the custody of the assets.

The Supervisor was granted a licence pursuant to the Financial Markets Supervisors Act 2011. The licence conditions may change over time.

See [www.fma.govt.nz](http://www.fma.govt.nz) for a full list of these conditions.

The Supervisor may be contacted by calling 0800 878 783 or at:

The Client Manager Corporate Trustee Services

Trustees Executors Limited

Level 11, 51 Shortland Street

PO Box 4197, Auckland 1140

or email [cts@trustees.co.nz](mailto:cts@trustees.co.nz)

### *Indemnities*

We and the Supervisor are entitled to an indemnity out of the assets of a Fund if either of us are held personally liable in respect of any debt, liability, or obligation incurred by or on behalf of that Fund, or for any action taken or omitted in connection with that Fund. This indemnity extends to the costs of any litigation or other proceedings in which liability is determined.

However, neither we nor the Supervisor are entitled to be indemnified out of the assets of a Fund in respect of any liability for breach of trust where we or the Supervisor (as applicable) fails to show the degree of care and diligence required of us in that capacity, having regard to the provisions of the Trust Deed and the powers, authorities, or discretions conferred by the Trust Deed. We and the Supervisor are also expressly liable for any loss arising out of our own or the Supervisor's own (as applicable) wilful default or wilful breach of trust. We (but not the Supervisor) are also liable where we have failed to use our best endeavours to ensure that the Funds are carried on in a proper and efficient manner.

In addition, the Supervisor is entitled to be reimbursed for attributed tax paid by it by cancelling relevant unit holders' units.

Unit holders are not liable to indemnify us or the Supervisor in respect of any debt or liability incurred in respect of any Fund, except in respect of any tax paid or payable by us or the Supervisor in respect of you or your units.

### **Custodian**

Trustees Executors Limited is the Custodian of the Funds, holding the assets in the name of its 100% owned subsidiary T.E.A. Custodians Limited.

The Custodian may be contacted by calling 04 878 7833 or at:

Corporate Trustee Services

Trustees Executors Limited  
Level 11, 51 Shortland Street  
PO Box 4197, Auckland 1140

or email [cts@trustees.co.nz](mailto:cts@trustees.co.nz)

### **Administration manager**

We have appointed Trustees Executors Limited to provide registry and unit pricing services and some administrative functions for the Funds. The securities services division of Trustees Executors Limited provides these services.

### **Investment manager**

As at the date of this OMI, FANZ has not appointed any separate investment managers for the Funds. However, this may change in the future, and FANZ has out-sourced some of the Funds management functions to underlying fund managers. This could change in the future.

### **Registrar**

Trustees Executors Limited is the Funds' Registrar.

### **Auditor**

The Auditor of the Funds is KPMG. KPMG is registered as an audit firm under the Auditor Regulation Act 2011. KPMG are independent of us and the Funds, although some of the partners and staff of KPMG may hold units in the Funds in their personal capacity.

### **Independence of Supervisor and any custodians**

The Supervisor (who is also the Custodian) is independent of us. The Custodian nominee T.E.A. Custodians Limited is owned by the Supervisor.

### **Disclaimer**

Neither Funds Administration New Zealand Limited nor its parent SBS Bank guarantees (either partially or fully) the capital value or performance of the securities. The principal and returns of the World Bond, Australasian Equity, and World Equity Portfolios are not guaranteed or secured in any way by FANZ or 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, and are subject to investment risk, including the possible delays in repayment and loss of income and principal invested.

### **Address details**

Address details of the Custodian, auditors or Supervisor may change at any time. For up-to-date contact information call us on 0800 727 2265.



Funds Administration New Zealand Limited  
51 Don Street, PO Box 835, Invercargill 9810. Phone 0800 727 2265