22 October 2024

Other Material Information

Lifetime Retirement Funds

This document has been prepared to meet the requirement of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 and clause 52 of schedule 4 of the Financial Markets Conduct Regulations 2014 for the Lifetime Retirement Funds. All legislation referred to in this document can be viewed at **legislation.govt.nz**

Contents

1. Introduction

This document contains additional information about the Lifetime Retirement Funds (**Scheme**) to help you make your investment decision. This document should be read with the Scheme's Product Disclosure Statement (**PDS**) and words defined in the Scheme's PDS will have the same meaning in this document. You must be given a copy of the PDS before we can accept your application to invest in the Lifetime Retirement Income Fund, Lifetime Cash Fund, Lifetime Conservative Fund, Lifetime Balanced Fund and Lifetime Growth Fund (the **Funds**).

This document, the PDS, the Statement of Investment Policy and Objectives (**SIPO**), the Trust Deed and other useful information about this offer of units in the Funds can be found on the Disclose Register at **disclose-register.companiesoffice.govt.nz** (click 'Search for an offer' and search for 'Lifetime Retirement Funds' for the PDS and 'Search for a scheme' and search for 'Lifetime Retirement Funds' for the SIPO and Trust Deed).

2. Who is Involved?

Manager

Lifetime Asset Management Limited (**Lifetime, we, us** or **our**) is the Manager of the Scheme and Funds. Our ultimate holding company is Retirement Income Group Limited, a company incorporated in New Zealand. Our address is:

Lifetime Asset Management Limited
Level 3, 120 Featherston Street
Wellington Central
Wellington 6011

The current names of our directors may be obtained from the Companies Office at **companies-register.companiesoffice.govt.nz** (search for 'Lifetime Asset Management'). Our directors may change from time to time.

We have been granted a licence under section 394 of the Financial Markets Conduct Act 2013 (**FMCA**) by the Financial Markets Authority (**FMA**) to act as a manager in respect of managed investment schemes. We are responsible for the following functions:

- Offer and issue of units in the Funds;
- Managing the Funds and its investments; and
- Administering the Scheme.

We, in our role as Manager, are responsible for the administration of the Scheme. We may delegate the performance of any of our powers, authorities, functions, or discretions to an officer or an employee or any other person we nominate, including an associated person, in accordance with the terms of the Trust Deed. We remain liable for the act or omission of those delegates. We can also appoint investment managers, administration managers, and other experts (which can be associated persons).

We also manage the investments of each Fund and may, subject to compliance with the SIPO, give whatever directions are considered necessary in that regard.

For more information on our powers, duties and responsibilities please see the Trust Deed available on the Scheme Register at **disclose-register.companiesoffice.govt.nz** (click 'Search for a scheme' and search for 'Lifetime Retirement Funds').

Supervisor

Public Trust is the Supervisor of the Scheme and Funds. Public Trust is a statutory corporation and Crown Entity established and constituted in New Zealand on 1 March 2002 under the Public Trust Act 2001. The address of Public Trust is:

Public Trust
Level 2, 22 Willeston Street
Wellington 6011

The board members of Public Trust may change from time to time. The current names of Public Trust's board members may be obtained from Public Trust at **publictrust.co.nz**.

At the date of this document, Public Trust has been granted and holds an active licence under section 16(1) of the Financial Markets Supervisors Act 2011 (**FMSA**) to act as a supervisor in respect of debt securities and registered schemes and as a statutory supervisor in respect of retirement villages.

A copy of Public Trust's licence, including the conditions on the licence, can be obtained at **fma.govt.nz**

Public Trust is responsible for the following functions:

- supervising the performance by Lifetime of its functions and issuer obligations;
- supervising the financial position of Lifetime and the Scheme to ascertain that they are adequate;
- acting on behalf of investors in relation to Lifetime and certain other matters relating to the Scheme;
- reporting to the FMA any contravention or likely contravention of Lifetime of an issuer obligation;
- holding each Fund's property, or ensuring that it is held, in accordance with the FMCA; and
- performing or exercising any other functions, powers, and duties conferred or imposed on Public Trust by or under the FMCA, FMSA, and the Trust Deed.

For more information on Public Trust's role and responsibilities, powers and obligations please see the Trust Deed available on the Scheme register at **disclose-register.companiesoffice.govt.nz** (click 'Search for a scheme' and search for 'Lifetime Retirement Funds').

Administration Manager

We've delegated the administration functions of the Scheme and Funds to Apex Investment Administration (NZ) Limited (**Apex**). The address of Apex is:

Apex Investment Administration (NZ) Limited
Level 25, QBE Centre
125 Queen Street
Auckland Central
Auckland 1010

The current names of Apex's directors may be obtained from the Companies Office at **companies-register.companiesoffice.govt.nz** (search for 'Apex Investment Administration'). Apex's directors may change from time to time.

Apex is responsible for the following functions:

- Investor record keeping and registry;
- Unit pricing;
- Fund accounting; and
- Valuation services.

See **mmcnz.co.nz** for more details.

Custodian, Auditor and Solicitors

Custodian

Adminis Custodial Nominees Limited is a wholly owned subsidiary of Adminis. It acts as the custodian and holds the Scheme and each Fund's property in its name.

Auditor

PwC is the auditor of the Scheme and each Fund. PwC is a registered audit provider under section 87 of the Auditor Regulation Act 2011.

Solicitors

Our solicitors are DLA Piper New Zealand.

Material contracts

For copies of the material contracts that are relevant to the Scheme and Funds (if any) please see the Offer Register at **disclose-register.companiesoffice.govt.nz** (click 'Search for an offer' and search for 'Lifetime Retirement Funds').

3. Lifetime Retirement Income Fund

Annual Retirement Income

The Lifetime Retirement Income Fund (**LRIF**) is specifically designed to enable investors to invest in portfolios and then receive a regular fortnightly or 4-weekly Retirement Income which is made up of both capital and investment returns.

When you choose to invest in the LRIF, Lifetime will advise you of the current proposed amount of Retirement Income that you will receive each fortnight (or 4-weekly depending on your choice of payment period).

To calculate the annual amount of Retirement Income you can withdraw, in the knowledge your investment is likely to last your lifetime, we ask you to provide us with your date of birth, tax rate and gender. We then calculate your Annuity Factor and apply it to the amount you wish to invest to determine your annual Retirement Income. Your annual Retirement Income is not guaranteed, it is Lifetime's estimate of the best level of annual Retirement Income for you given the amount invested. If severe or adverse market volatility was to substantially affect your account Lifetime may propose an Interim Retirement Income Review.

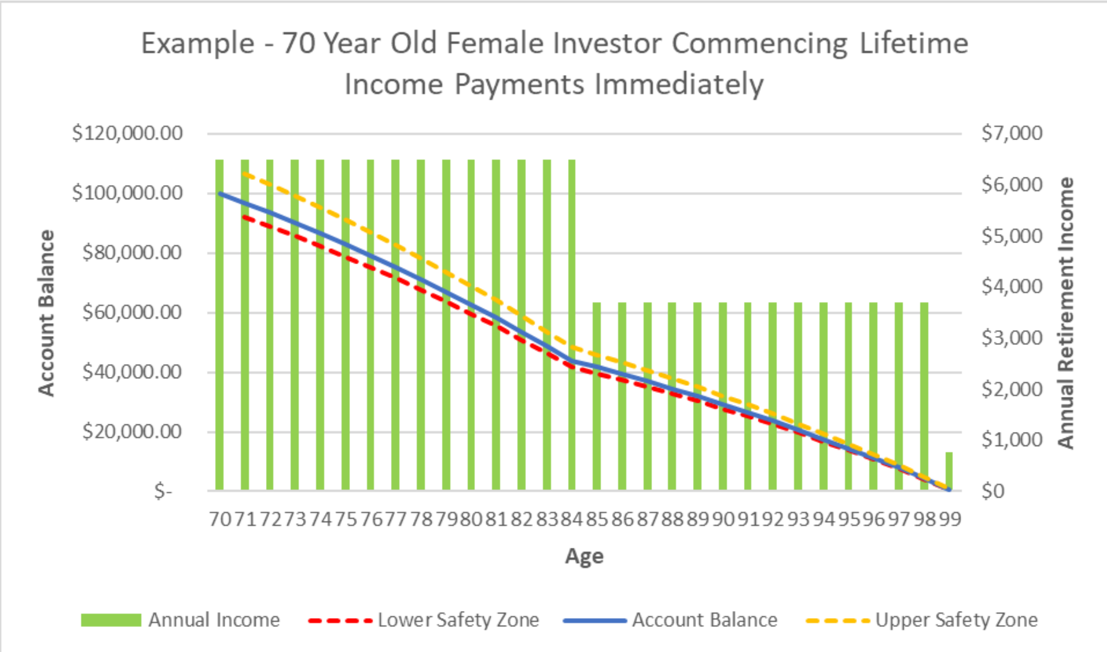
Every year, we recalculate the annual Retirement Income according to your changed age, account balance, expected investment returns and tax rate. We advise you of your proposed

Annual Retirement Income for the next 12 months. Your annual Retirement Income can go up or down.

Example – How the LRIF works

The illustration below is based on the following assumptions:

Gender	Female	Investment Returns (Gross)	5.50%
Age Now	70	Fees (average management fee)	1.35%
Initial Investment*	$100,000	Net Investment Returns	3.42%
Tax (PIR) Rate	17.50%	Volatility	7.50%
Duration	25 years	Annual Income age 70-84	$6,500 p.a.
Target Age	95	Annual Income age 85-99	$3,691 p.a.



**Note. The initial investment is before the application of buy/sell spreads, the income projection takes into account the buy/sell spreads.*

Retirement Income

In this illustration the investor is estimated to receive an annual Retirement Income of $6,500 (right hand side of the graph above) after fees and taxes each year for 14 years (age 70 until age 84). This is based on a target age at age 70 of living to age 95. If the 70-year-old lives to age 84, the income level is reviewed and potentially lowered to $3,691 after fees and taxes. The potential reduction in income reflects a desire that having reached the age of 84 the investor is preferring a higher target age than previously advised (they may well live longer than age 95). As a consequence, income payments are recalibrated to recognise a higher Target Age of 99 (as shown in the graph).

Account Balance

The opening account balance at age 70 is $100,000 and falls to nil at age 99. The residual account balance can be withdrawn at any time (prior to age 99). Reductions in the account balance will result in reductions to the estimated annual Retirement Income.

Safety Zones

These are detailed in the illustration by the broken yellow and red lines. This reflects the potential for different actual investment returns to result in a different account balance to that projected. Each year when the annual Retirement Income Review is carried out, if the account balance is outside the safety zones, then the annual Retirement Income for the following year will likely need to change.

All examples and graphs are for illustration purposes only and shouldn't be regarded as a forecast for your investment, future performance, annual Retirement Income payments or the annual Annuity Factor.

An assumption of 5.5% per annum gross return (before taxes and fees have been deducted) has been made over future investment returns of the Fund. The investor's life expectancy includes a conservative margin on current life expectancy. Different assumptions will produce different outcomes. For example, if the assumed investment returns are higher than those used in the projection, annual Retirement Income payments can be higher. Conversely, if assumed investment returns are lower, annual Retirement Income payments can be lower.

Income for the Individual

When we review an investor's annual Retirement Income we consider their individual characteristics (age, gender, tax rates, mortality). When we propose the annual Retirement Income investors are given the opportunity to request the inclusion of personal circumstances in the calculation, for example, a personal decision to select a target age (age of expected death) lower or higher than recommended by Lifetime.

Glossary of terms

Key Terms	Meaning
Retirement Income	Retirement Income payments paid to an investor either fortnightly or 4-weekly and at any time from age 65.
Annuity Factor	This is the factor that is applied to your account balance to determine the level of income that is likely to last your lifetime. The Annuity Factor is made up of expected investment returns and assumed life expectancy.
Annual Retirement Review	The process by which your Annual Retirement Income is reset each year for the forthcoming year. Lifetime will contact you approximately 10 working days before your birthday with any changes implemented on your birthday.
Income Immediately	Investing into LRIF and drawing an income immediately using the current proposed annual Retirement Income, which may change year to year as part of the Annuity Factor Review.
Income in the Future	The projected Annual Retirement Income for the age you expect to commence your Retirement Income.
Rebalancing Policy	LRIF rebalances regularly to ensure the investment exposure remain within the limits set out in the Scheme SIPO. If the asset values increase or decrease such that they are no longer within the maximum permitted ranges, they are bought or sold to ensure they remain within the stated ranges.

Key Terms	Meaning
Income for the Individual	An individual's annual Retirement Income that reflects any unique personal circumstances.
Account Balance	The value of available money within your account.
Interim Retirement Income Review	We will reset your annual Retirement Income when you add to your existing investment or withdraw part of your existing investment. If severe or adverse market volatility were to substantially affect your account by a factor of more than 10% Lifetime can, if it considers appropriate, propose an Interim Retirement Income Review.

4. Key Terms

Changing the Trust Deed and SIPO

We're able to make changes to the Trust Deed and the SIPO in accordance with relevant law and the Trust Deed. We can't change the Trust Deed where to do so would have a material adverse effect on investors unless this is approved in accordance with relevant law and the Trust Deed. Where required by relevant law or by the Trust Deed, we'll notify you of material changes to either document.

Supervisor's Covenants

In the Trust Deed, the Supervisor gives certain covenants in favour of investors, including that it will:

- act on behalf of investors in relation to Lifetime, our obligations under the FMCA and the Trust Deed, and if we are in breach of the FMCA;
- supervise the functions of the Manager and the financial position of Lifetime and the Scheme and each Fund; and
- perform its powers and duties imposed on it by relevant law.

Neither we, nor the Supervisor (or any person) guarantee your investment in the Scheme and each Fund.

Removal and Retirement of the Supervisor

The Supervisor may retire at any time by giving us three months' notice subject to the appointment of a new supervisor and the transfer to the new supervisor of the assets of the Funds. Where the Supervisor retires, we have the power to appoint a new supervisor. If we fail to do so, the investors of the Scheme and each Fund may do so by special resolution. Any supervisor must be licensed under the FMSA.

Our Powers and Obligations

In addition to the statutory functions (see 'Manager of the Scheme and Funds', above), we have broad discretions in respect of the management of the Funds, including managing the assets of the Scheme and each Fund, making investment decisions, repurchasing or causing the redemption of units and fixing dates for valuations and distributions.

We're obliged to ensure that the Scheme and each Fund are properly and efficiently operated, that the assets of the Scheme and each Fund are properly managed and supervised, that any requested information is made available to the Supervisor, that investor meetings are convened, and money is paid in accordance with the Trust Deed and the FMCA.

We may (with the prior knowledge of the Supervisor) delegate all or any of the powers, authorities and discretions we can exercise under the Trust Deed. However, this ability to delegate does not affect our liability for the performance of those functions.

In managing the Scheme and Funds, we:

- must act honestly and in good faith, and in the best interests of investors and treat investors equitably;
- can't use information acquired as manager for improper advantage, or to cause detriment to investors.
- must act as would a prudent manager of similar schemes and investment funds; and
- carry out our functions in accordance with the Trust Deed and FMCA obligations.

Powers Relating to the PIE Status of the Scheme

The Scheme is a portfolio investment entity (**PIE**). We have a wide range of discretions to operate the Scheme and Funds as a PIE including:

- discretions relating to the calculation of tax;
- adjusting distributions to you or redeeming your units to meet your liability for tax; and
- taking all steps necessary to ensure the Scheme and Funds meet the PIE eligibility requirements, including:
    - rejecting applications for units and transfers of units if and to the extent necessary to ensure that the maximum investor interests' requirement under the Income Tax Act 2007 is not exceeded; or
    - if your unit holding exceeds the maximum investor interests' requirement, selling, redeeming or repurchasing units.

We'll let you know about a breach of any maximum investor interests' requirement and give you a reasonable opportunity to remedy that breach (provided there is time to remedy the breach under the relevant tax legislation). The proceeds from any sale, redemption or repurchase carried out by us to remedy such a breach (less any costs and expenses incurred by us in respect of the same) will be paid to you. Neither the Manager nor the Supervisor will be liable for any loss that you may incur under or in connection with any such sale, redemption or repurchase.

Provision of Information

We may ask you to provide information to enable us to determine whether the Scheme and each Fund continues to meet the PIE eligibility requirements. We will ask you to get that information to us promptly.

Borrowing

Borrowing is permitted under the Trust Deed, and under each Establishment Deed. Borrowing is limited to up to 25% of the value of a Fund with the approval of the Supervisor. However, it is not currently expected that any borrowing will occur.

Valuation

The current value of each Fund is calculated by taking the value of the assets of the Fund and deducting any liabilities, charges incurred in holding the assets, any money held in respect of applications not yet accepted (or those which have been rejected) and any money held in respect of cancelled units.

The current value of each Fund is calculated on each business day.

In determining the value of the underlying fund assets of each Fund, we'll rely on the current unit price of any other underlying fund into which a Fund invests (as quoted, published or otherwise determined) as the value of a Fund's investment in the underlying fund.

We'll ascertain the current value of each Fund and the value of the assets of each Fund on a consistently applied basis accepted as being appropriate by the Supervisor. We can alter that basis and the application, provided the Supervisor approves.

Deferral of Withdrawals

If:

- a withdrawal request or a series of withdrawal requests have been received within 60 business days;
- those notices in aggregate relate to more than 10% of the Units on issue of a Fund at the time of the last request; and
- we in good faith determine that it is in the general interests of all investors to defer the immediate repayment of the total units requested,

we can defer the redemption of those units and then redeem the units by instalments or in total at the expiration of a period determined by us. We will give notice to the Supervisor of any deferral.

Suspension of Withdrawals

We may, in certain circumstances, suspend the obligation to redeem units by issuing a withdrawal suspension notice (for instance, where we believe, in good faith, that it is not practicable or would be materially prejudicial to investors' interests for the Supervisor to realise investments or borrow to permit redemptions – this could be because of market or asset conditions or other circumstances). Any such suspension would continue until the earlier of a date:

- specified by us to investors;
- agreed with the Supervisor; or
- approved by a special resolution of investors.

Side-Pocketing

We and the Supervisor may 'side-pocket' certain assets and liabilities of a Fund, where we consider that it is in the best interests of investors in the Fund generally to do so. Side-pocketing is designed to separate illiquid assets from other more liquid assets in the Fund (for example, but without limitation, to address liquidity or pricing issues in relation to a particular investment that might lead to the general deferral or suspension of withdrawal requests). This usually involves quarantining the illiquid assets and making special arrangements in relation to those assets to enable that quarantining to occur. This includes arrangements that prevent or restrict your ability to access the part of your investment in the Fund that relates to those assets.

Records and Financial Statements

We must keep proper accounting records in respect of the Funds. The Custodian will provide us with any information held by it that we require in order to keep those records. Once prepared, we'll forward the audited financial statements to the Supervisor.

Registers

We're required to keep a register of investors for the Funds in the form and manner required by the FMCA (the Unit Register). The Unit Register must be kept in New Zealand and may be kept in electronic form so long as a printout of the Unit Register is available to the Supervisor from time to time. The Unit Register shall be available for inspection in accordance with the FMCA. We're required to have the Unit Register audited annually.

Meetings

The Trust Deed provides for unitholder meetings. We may (and will on receipt of a written request from the Supervisor, or a written request from investors holding at least 5% of the units of a Fund) convene a meeting of the investors of the Fund in question. We must give investors 15 business days' notice of the meeting.

The quorum for meetings for any business other than requiring a special resolution is at least two investors present in person or by their proxies or attorney or by authorised representative or electronically, and who hold not less than 10% of the number of units on issue in the Fund. The quorum for a meeting of investors if a special resolution is to be put to the meeting is investors present in person or by their or proxies or attorney or by authorised representative or electronically holding a combined value of not less than 25% of the value of units on issue in the Fund.

A 'special resolution' is a resolution approved by investors holding units with a combined value of no less than 75% of the value of the units held by those investors who are entitled to vote and who vote on the question and includes any resolution relating to a matter that is required by the FMCA, the Financial Markets Conduct Regulations 2014 (**FMCR**) or the Trust Deed to be done by way of special resolution.

A meeting of investors of a Fund can give directions to the Supervisor if those directions are consistent with the Trust Deed and relevant law including the FMCA and the directions are given by a special resolution passed at that meeting. The Supervisor isn't liable for anything done, or omitted to be done, in good faith in giving effect to such a direction. The Supervisor may also, at its discretion, apply to the High Court under relevant law including the FMCA for an order in respect of any direction given.

The Supervisor will nominate a chairperson to chair each meeting.

Amendments to the Trust Deed

Subject to the FMCA and the provisions of the Trust Deed, we may agree with the Supervisor to amend the Trust Deed.

Winding up

If a Fund is wound up, the Supervisor must sell the Fund's assets and (after providing for any amount necessary to meet all claims and liabilities (including fees)), will distribute the balance to investors in proportion to their holdings of units at the time of distribution. The amount distributed to you on winding up may be adjusted to reflect the Fund's PIE income tax liability (if any), on income attributed to investors. The Manager may direct the Supervisor to distribute the assets in specie (after providing for any amount necessary to meet all claims and liabilities (including fees)).

Indemnities

Each investor indemnifies the Supervisor and Lifetime if the value of the investor's units is not sufficient to meet any liability for tax payable by the Fund, Lifetime or the Supervisor and that is determined by the Supervisor or Lifetime to be attributable to the investor.

5. Fees and Expenses

Management fee

We're paid a management fee for acting as Manager of the Scheme and each Fund. This forms part of the total annual fund charge disclosed in the PDS. The Trust Deed allows us to change those management fees from time to time subject to the terms of the Trust Deed. We may, at our discretion, charge an investor or certain classes of investors lower management fees.

Supervisor's fee

The Supervisor is entitled to be paid a fee, by way of remuneration for its services. The Supervisor's fee is determined on the basis of a scale agreed from time to time between us and the Supervisor.

Buy / Sell spread

When you enter or leave the Lifetime Retirement Income, Lifetime Conservative, Lifetime Balanced and Lifetime Growth Funds, you'll be charged a buy/sell spread. There is no buy/sell spread for the Lifetime Cash Fund.

A buy spread is added to the unit price on entry to the Funds (except the Lifetime Cash Fund), and a sell spread is deducted from the unit price on exit from the Funds (except the Lifetime Cash Fund), as described in more detail in the PDS.

The purpose of the buy/sell spreads is to make sure that any transaction costs incurred as a result of an investor buying or selling units in a Fund are borne by that investor, and not other investors in the Fund.

Under the Trust Deed, we determine the buy/sell spreads based on what we consider to be a fair amount payable having regard to expected transaction costs. We may change the buy/sell spreads from time to time.

Financial adviser fee

At your request, we will deduct a financial adviser fee that you have agreed with your financial adviser for providing you with financial advice. If a fee is charged, it will be deducted from your investment each month and paid to your financial adviser.

Expenses

We and the Supervisor are entitled to reimbursement for all reasonable costs and expenses incurred by either of us on behalf of the Scheme and the Funds. These include the costs of preparation of this document and other documents in relation to the offer of the units in the Funds, professional advisers' fees, taxes/duties, costs related to the establishment of the Funds and any changes to it as well as other administration costs.

There's no limit on the amount of reimbursement of expenses to which the Manager and Supervisor are entitled. The payment of these expenses is included in the 'total annual fund charges' for which an estimate is provided in the PDS and that will be disclosed in the fund updates and on the register entry on the Offer Register at **disclose-register.companiesoffice.govt.nz** (click 'Search for an offer' and search for 'Lifetime Retirement Funds').

Basis of estimates for annual fund charges in the PDS

In determining the total annual fund charges in the PDS, estimates were made for certain fees and costs.

The annual fund charges include a mixture of both fixed and estimated costs and expenses that will be charged to the Funds.

Some of these are calculated as a fixed percentage of the Fund's net asset value (which means the actual amount charged will vary with changes in the Fund's net asset value). These include the fees charged by the managers of the underlying funds in which the Funds invest.

Estimated costs and expenses incurred by the Manager in the operation of the Funds include subcontracted investment administration, supervisor fees, fees for audit, printing and distribution, regulatory compliance, IT, administration manager costs and expenses and other professional service fees. The determination of these fees is based on estimates provided by the Scheme's and Fund's professional service providers, information disclosed or provided by the underlying fund managers of the funds into which the Funds invest, our experience with the Scheme and Funds (including taking into account the actual costs and expenses charged over the most recently completed Scheme year (i.e. 1 April to 31 March) and anticipated investment levels in the underlying funds in accordance with the Scheme's SIPO.

Changes to fees

These fees may be varied, or new fees may be imposed, from time to time in accordance with the Trust Deed.

6. Tax

Tax is your responsibility

You’re responsible for any taxation liability you may incur as an investor in a Fund. Tax legislation and rates of tax are subject to change and any change could have an impact on the Fund’s return, your return and your annual Retirement Income (LRIF). The impact of taxation may vary depending on your individual circumstances. It’s important to seek professional taxation advice before you invest or deal with your investment in any way as the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

Portfolio Investment Entity

The Scheme is taxed as a PIE. The Scheme will pay tax on behalf of investors as set out below.

Investors in the LRIF will receive tax-paid Retirement Income payments.

Prescribed Investor Rates

Your PIR is based on your taxable income and attributable PIE income in either of the two tax years preceding the current tax year (with each tax year commencing on 1 April and ending the following 31 March).

You are responsible for providing your PIR for particular tax return period to us. We will apply the PIR you tell us, unless we are directed by Inland Revenue to apply a different rate. If an investment in a Fund is made by two or more persons jointly, we may, in our complete discretion, either treat those persons as separate investors (in equal shares) or treat those persons as a single investor. Where two or more persons are jointly treated as a single investor, the correct PIR is the highest notified PIR applicable to those persons as notified by the joint investors. All persons making joint applications for units are required to provide their individual PIRs and valid IRD numbers.

We’ll remind you to check your PIR annually. You must notify us as soon as practicable if your PIR changes.

There are three tax rates available for New Zealand tax resident individuals who provide their IRD number to us. These rates are 10.5%, 17.5% and 28%. The eligibility criteria are as follows.

PIR	Eligibility criteria
10.5%	New Zealand resident individuals who have given us their IRD number and who derived in either of the last two income years preceding the current tax year $14,000 or less in taxable income (excluding PIE income) and $48,000 or less in taxable income and PIE income combined.
17.5%	New Zealand resident individuals who do not qualify for the 10.5% PIR but who have provided their IRD number to us and who derived in either of the last two income years preceding the current tax year $48,000 or less of taxable income (excluding PIE income) and $70,000 or less in taxable income and PIE income combined.

PIR	Eligibility criteria
28%	New Zealand tax resident members who don't meet the criteria for a 10.5% or 17.5% PIR or the default rate for investors who don't provide their IRD number to us and/or don't elect a PIR.

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.

Each year, we will ask you to reconfirm your PIR. You should review your rate each year to ensure it is correct and notify us of any changes. For more information about PIRs and to determine your correct PIR rate please refer to www.ird.govt.nz/roles/portfolioinvestment-entities/using-prescribed-investor-rates or contact your professional tax adviser.

Hedging taxation treatment

The Funds, except the Lifetime Cash Fund, hedge a portion of their currency exposure 100% back to New Zealand dollars. The process of hedging gives rise to losses and gains which are in the main offset by movements in underlying asset values. This helps to ensure investors receive the full benefits (or loss) of the underlying investments in New Zealand dollars.

New Zealand law allows us to apply different tax treatments under the Foreign Investment Fund rules. These are referred to as the comparative value (**CV**) and the fair dividend rate (**FDR**) methods. Any hedging gains are taxable and losses are tax deductible when using CV. The method applied is determined by the underlying fund manager of the underlying funds our Funds invest in.

7. What are the Risks of Investing?

All investments carry a degree of risk, and no level of return is promised or guaranteed. The value of your units in the Funds will go up and down, so it is possible that you could receive less from the Fund than you invest, particularly if you invest for a short period of time and market conditions have been poor.

The PDS sets out the general investment risks that may cause a Fund's value to move up and down and affects the risk indicator. The PDS also sets out other specific factors that may impact an investor's returns and are not reflected in the risk indicators for the LRIF. In addition, the following other general risks may mean that you receive less than you invest in the Funds (especially if you make a withdrawal from the Funds).

Risk	Description of the risk
Operational risk	The Funds may be exposed to operational risks that result from external events or failure of internal processes, people and systems. These risks include technology risk (including business systems failure), human error or failure, fraud, non-compliance with legal and regulatory obligations, counter-party performance under outsourcing arrangements, legal risk, data integrity risk, security risk and external events (including pandemics).
Suspension or deferral of	The Funds allow redemption of units, subject to certain procedural requirements, including our right under the Trust Deed to delay and/or

Risk	Description of the risk
redemptions	suspend redemptions. During normal operational circumstances, redemptions can be met out of cash held by the Fund. However, if the value of redemptions significantly outweighs the value of subscriptions, the Fund may not be able to meet withdrawal requests out of cash reserves and will be reliant on selling or redeeming (whichever is relevant) some of the Fund's assets to enable it to meet the repayment requests. These Fund assets may not be immediately realisable. We can restrict or defer withdrawals in the following situations: • In some circumstances, including where we determine that giving effect to withdrawals from a Fund is not practicable, we can suspend withdrawals from the Fund for up to 90 days (or longer, if the Supervisor agrees), or pay out withdrawals requested by one or more investors in instalments or in full over a period of time determined by us. • We can create a 'side-pocket' of assets of the Fund. Side-pocketing is designed to separate a Fund's illiquid assets from more liquid assets, and usually involves restricting investors' ability to access the Units that relate to those assets without affecting the ability to access the non-side-pocketed assets. We will notify affected investors if we ever exercise any of the above powers.
Loss of PIE status	The eligibility requirements to maintain PIE status pose a risk. Although we have mechanisms available to manage compliance with the PIE eligibility requirements, there remains a risk that the Scheme could lose PIE status if there is a breach of those requirements, and we do not become aware of the breach in time to correct it. In this situation, the Scheme would be taxed at 28% on all taxable income.
Wrong PIR risk	If you provide a PIR that is lower than the correct PIR you will be liable for any PIE tax shortfall (and any interest and penalties) and must file a tax return. If you provide a PIR that is higher than your correct PIR, Inland Revenue will refund any overpaid PIE tax. If you do not provide a PIR, the income attributed to you will be taxed at the default rate of 28%.

8. Methodology for Calculation of the Risk Indicator

We have adopted an alternative methodology for calculating the LRIF's risk indicator as provided by clause 8 of Schedule 4 of the FMCR.

This alternative methodology for a total return fund follows the 'FMA's Guidance note on risk indicators and description of managed funds' (November 2015)[1] and is based on the 'Committee of European Securities Regulators guidelines on the methodology for the calculation of the synthetic risk and reward indicator in the key investor information document' (CESR/10-673, 1 July 2010)[2].

In summary, when calculating the risk category disclosed in the most recent PDS because LRIF includes a risk management overlay it is a total return fund and so we adopted the methodology for total return funds set out in Box 6 of CESR/10-673.

Following this methodology, we took the greater of:

- the historical annualised volatility of the LRIF's returns. Where this is not available, the market indices against which the LRIF's performance is benchmarked is used; or

- the LRIF's average annualised volatility target.

We then matched the greater figure against the corresponding risk class table in the CESR/10- 673 and risk category table the FMCR. In both cases, this resulted in an indicated risk class or risk category of 4 (four).

[1] https://www.fma.govt.nz/assets/Guidance/Guidance-note-on-risk-indicators-and-description-of-managed-funds.pdf
[2] https://www.esma.europa.eu/sites/default/files/library/2015/11/10_673.pdf

9. Conflicts of Interest

Conflicts of interest can arise when the interest of the Manager's employees, customers or entities are inconsistent with, or diverge from, some or all of the interests of shareholders or another Lifetime entity (while it is related) or investors in the Scheme.

In relation to investment decisions for the Scheme, a conflict of interest is a financial or any other interest, a relationship, or any other association of any of the following people that would or could reasonably be expected to materially influence the investment decisions of the Manager or an investment manager (or both) in respect of the Scheme:

a. the Manager;

b. a director, senior manager, or employee of the Manager who has a significant impact on the investment decisions that are made in respect of the Scheme;

c. an investment manager of the Scheme; or

d. an associated person (as defined in the FMCA) of the Manager (or a director or senior manager of that associated person).

Controls on Conflicts of Interest

The Trust Deed governing the operation of the Scheme and the FMCA imposes controls on conflicts of interest:

- A related party transaction may only be done in compliance with the FMCA which includes either, us providing a certificate to the Supervisor confirming matters required in accordance with the FMCA or if we obtain the Supervisor's consent on the basis that it is in the best interests of members.
- We are subject to statutory duties in the performance of our functions as the manager of the Scheme, including the requirement to act honestly and in the best interests of members.
- Where we contract out our functions to other parties, we must ensure the persons to whom we contract those functions perform them to the same standard and subject to the same duties and restrictions as if we were performing them ourselves. These include the statutory duties referred to above. We must also monitor the performance of that function.

We also have other internal controls on conflicts of interest. These are our Code of Ethics and Conflicts of Interest and Related Party Transaction Policy. We'll give you copies of these documents, free of charge, on request.

Details and Management of Conflicts of Interest

The LRIF invests in the Lifetime Wholesale Residential Property Fund (**LWRPF**), which is also managed by Lifetime, to gain exposure to unlisted New Zealand residential property.

Investment in the underlying property fund will be in accordance with, and on terms consistent with, the requirements of the FMCA for related party transactions, our Conflicts of Interest and Related Party Transaction Policy and the Lifetime Wholesale Scheme's trust deed.

10. Material Contracts

Lifetime, as manager of the LRIF and the LWRPF, has entered into a supply commitment.

Under this commitment, the LRIF will invest up to $6.6m in the LWRPF over a 7-year period to gain asset exposure to unlisted New Zealand residential property. The LWRPF will subsequently make these investment funds available to Lifetime Home Limited, the offeror of the Lifetime Home Equity Release Product, to fund the acquisition of interests in the homes of homeowners who have entered into a Lifetime Home Equity Release Agreement.

11. Financial Statements and Auditor's Report

Financial statements for the Scheme and the Funds are available on the Scheme Register **at disclose- register.companiesoffice.govt.nz** (click 'Search for an offer' and search for 'Lifetime Retirement Funds').

The financial statements are audited by a qualified auditor, currently PwC. The auditor's report on the financial statements will accompany the financial statements uploaded to the Scheme Register each year.

12. No Guarantee

Neither we, the Supervisor, nor any other person, guarantees the return of capital and/or the repayment of amounts invested by you.