

Fund Update

Lifestages KiwiSaver Scheme

Lifestages Income Fund

for the quarter ended 30 September 2021

This fund update was first made publicly available 29 October 2021



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.

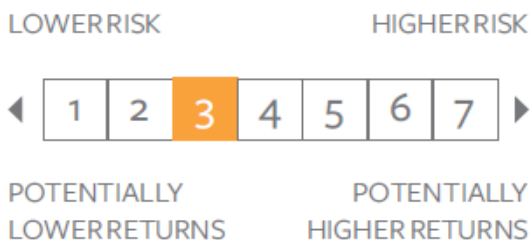
Description of this fund

The fund aims to provide investors with a low-risk investment option that invests predominantly in income producing assets, the majority of these being cash and fixed interest investments. The Fund may also hold high dividend yielding equities and/or listed property and infrastructure investments.**

| | |
|-------------------------------|-----------------|
| Total value of the fund | \$237,303,021 |
| Number of members in the fund | 15,204 |
| 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.

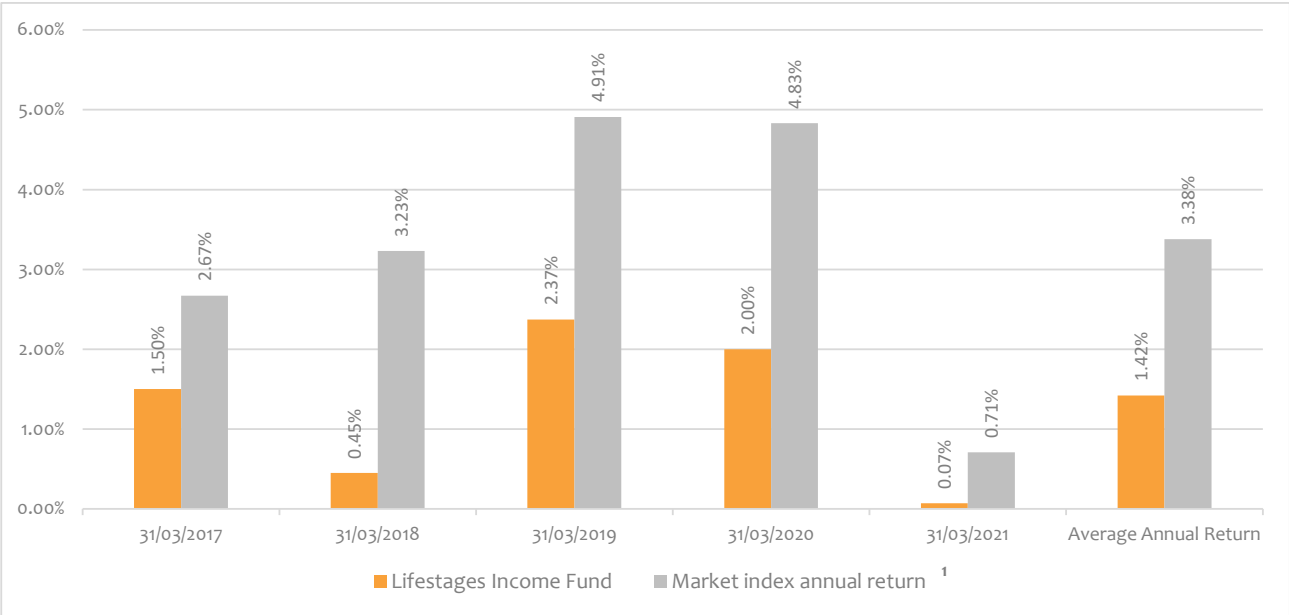
How has the fund performed?

| | Average over past five years | Past year |
|--|------------------------------|-----------|
| Annual return (after deductions for charges and tax) | 0.87% | -1.78% |
| Annual return (after deductions for charges but before tax) | 1.71% | -1.80% |
| Market index annual return (reflects no deductions for charges and tax) | 2.76% | -1.86% |

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 30 September 2021.

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 2021 these were:

| | % of net asset value |
|--|----------------------------|
| Total fund charges (estimated) | 0.81% |
| <i>Which are made up of -</i> | |
| Total management and administration charges | 0.81% |
| Including - | |
| Manager's basic fee | 0.55% |
| Other management and administration charges ² | 0.26% |
| 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.

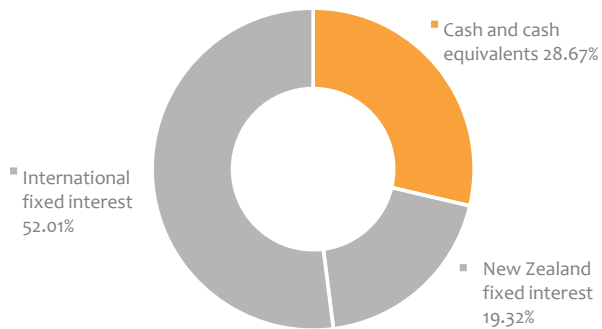
Example of how this applies to an investor

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 incurred a loss after fund charges were deducted of -\$180 (that is -1.80% of her initial \$10,000). Hayley also paid \$24.00 in other charges. This gives Hayley a total loss after tax of -\$202.00 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 | 60.00% |

Top 10 investments

| Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|---|-------------------------------|------------------------------|---------|-------------------------------|
| 1 Harbour NZ Core Fixed Interest Fund | 19.32% | New Zealand fixed interest | NZ | |
| 2 Dimensional Two-Year Sustainability Fixed Interest Trust – NZD Class Units | 17.93% | International fixed interest | AU | |
| 3 iShares Global Aggregate Bond ESG UCITS ETF NZD Hedged | 17.36% | International fixed interest | IE | |
| 4 Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)-NZD Hedged | 16.72% | International fixed interest | AU | |
| 5 Southland Building Society term deposit maturity 19/10/22 | 2.96% | Cash and cash equivalents | NZ | BBB |
| 6 Southland Building Society term deposit maturity 07/12/22 | 2.95% | Cash and cash equivalents | NZ | BBB |
| 7 Cash Deposit (ANZ Bank) | 2.86% | Cash and cash equivalents | NZ | |
| 8 Southland Building Society term deposit maturity 16/12/21 | 2.53% | Cash and cash equivalents | NZ | BBB |
| 9 KiwiBank term deposit maturity 21/09/22 | 2.12% | Cash and cash equivalents | NZ | AA |
| 10 Southland Building Society term deposit maturity 20/01/22 | 2.11% | Cash and cash equivalents | NZ | BBB |

The top 10 investments make up 86.86% of the net asset value of the fund.

Currency hedging

As at 30 September 2021 the fund has an exposure to foreign currency assets of 52.01%, of which 52.01% was hedged back to NZD. This means the fund's foreign currency exposure is 0.00%. More information on our currency hedging policy can be found in the SIPO on our website www.lifestages.co.nz/kiwisaver/lifestages-kiwisaver-scheme.

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 | 20 years and 0 months | Chief Executive Officer, Funds Administration New Zealand Ltd (current) | 20 years and 0 months |
| Damon O'Brien | Independent Investment Committee member | 6 years and 5 months | Chief Investment Officer, Consilium Limited | 9 years and 6 months |
| Martin Pike | Head of Investments | 6 years and 0 months | National Manager, Investment Product & Services, AMP Financial Services | 2 years and 4 months |
| Mike Skilling | Non-executive Director / Investment Committee chairperson | 5 years and 4 months | GM Business Financial Services & Private Banking, BNZ | 8 years and 0 months |
| Derek Young | Investment Committee member | 17 years and 3 months | Executive Director, Funds Administration New Zealand Ltd (current) | 17 years and 3 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. GST will be included in some expenses, where applicable. 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.

** The description of this fund changed, from 30 September 2021, to allow the ability to hold equities, listed property and infrastructure investments.

Contact information

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