

# Lifestages Investment Funds Other Material Information

As at 27 June 2024

This is a replacement Other Material Information document ("OMI") for the OMI dated 1 September 2023.



SBS Wealth 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 Other Material Information Lifestages Investment Funds (“OMI”) 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.sbswealth.co.nz](http://www.sbswealth.co.nz).

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.sbswealth.co.nz](http://www.sbswealth.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”, “our”), 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 four investment portfolios offered under the PDS. Each portfolio is a separate managed investment scheme. They are each referred to as a “Fund” and collectively as “Funds” or “Lifestages Investment Funds Portfolios”.

Additionally, there are four investment strategies provided under the PDS. Each strategy is termed a “Strategy” and collectively as “Strategies.” A Strategy represents an investment in a combination of Funds, allocated according to the risk profile of that Strategy.

Each Fund is classified as a multi-rate Portfolio Investment Entity (“PIE”) for tax purposes. Refer to [Section 6. What taxes will you pay? on page 13](#) for further tax information.

Your investment in a Fund is based on your investment profile. Your investment profile is your pre-determined Strategy or self-selected allocation to each Fund(s) at the point of application for units or unless we are instructed otherwise.

The value of your units fluctuates to reflect the returns (positive or negative) of the Fund(s), along with the Fund’s fees and expenses.

Each Fund invests in different types of investments. You can choose to invest in any of these Funds or a combination of them, either by selecting them yourself or by choosing a Strategy. More details about these options are available in section 3 of the Lifestages Investment Funds Product Disclosure Statement.

### Making investments

All lump sums and regular contributions will be allocated to your account based on your investment profile. Your investment profile is your pre-determined Strategy or self-selected allocation to each Fund(s) at the point of application for units unless we are instructed otherwise.

Investments of any amount can usually be made, provided the initial investment is at least \$500 and all subsequent deposits meet the requirements as described below:

Deposit type	Minimum amount	Frequency
Lump Sum	\$50	Any time
Regular Deposit	none	Weekly, Fortnightly, Monthly

We can alter these minimum amounts (and the permitted manner and frequency of deposits) at any time.

We have an absolute discretion to accept or refuse to accept any application for units in the Funds or Strategies 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. Any returned application may also be subject to movements in the unit prices. This also applies to all parties associated with entities such as trusts or companies.

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

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 types of withdrawals are described below:

All lump sums and regular withdrawals will be withdrawn from your account based on your investment profile. Your investment profile is your pre-determined Strategy or self-selected allocation to each Fund(s) at the point of application for units unless we are instructed otherwise.

**Minimum withdrawal amounts apply:** if you are not making a full withdrawal the minimum withdrawal amount can be found in the table below.

Withdrawal type	Minimum amount	Frequency
Lump Sum	\$100	Any time
Regular Withdrawal	\$100	Fortnightly, Monthly

We can alter these minimum amounts (and the permitted manner and frequency of withdrawals) at any time.

**Minimum balances apply:** We can also set a minimum balance that must remain in your account. Currently you must have a minimum balance of \$500. This would require you to make a full withdrawal if your account balance fell below the minimum amount.

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.

## Switching

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.

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.

To complete a switch notice you must change your investment profile, subject to any terms we may have. Your investment profile is your pre-determined Strategy or self-selected allocation to each Fund(s) at the point of application for units, or unless we are instructed otherwise. You can do this by completing the Investment Profile Change Form which can be found at [www.sbswealth.co.nz](http://www.sbswealth.co.nz). Once completed, we will then switch your existing investment and any future contributions or withdrawals to reflect your new investment profile on the next valuation date.

## Suspension of Withdrawals

If any of the following occur:

- a) the suspension of trading on any exchange (whether generally or in respect of any specific investment); or
- b) financial, political, or economic conditions in any financial market; or
- c) the nature of any investment;
- d) total investments in the relevant Fund being (or 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 occurrence of a termination event. Refer to [Section 7. Changes that may be made on page 15](#) for further details on the winding up of a Fund; or
- g) 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,

and 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. A suspension can be extended for an unlimited period, provided that the Supervisor gives their approval.

## 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.

## Rebalancing your account

The investment performance of the all Funds is likely to differ. As a result, if you choose an investment profile that includes more than one Fund or if you choose to select a Strategy, we will rebalance your accumulated balances on an annual basis (unless we notify you otherwise) to ensure that your selected investment profile is maintained. We conduct an annual rebalancing to your investment profile on or about 20th April each year. Your investment profile is your pre-determined Strategy or self-selected allocation to each Fund(s) at the point of application for units unless we are instructed otherwise.

### 3. The Funds

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

- Lifestages New Zealand Bond Portfolio;
- 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.

We will also offer four strategies:\*

- Conservative Strategy;
- Balanced Strategy;
- Growth Strategy; and
- High Growth Strategy

Each Strategy is not a separate managed investment scheme. They are investor profiles, that invest into the Funds in pre-set proportions according to the risk profile for that Strategy. Tax is paid at the underlying Fund level, and not the strategy level.

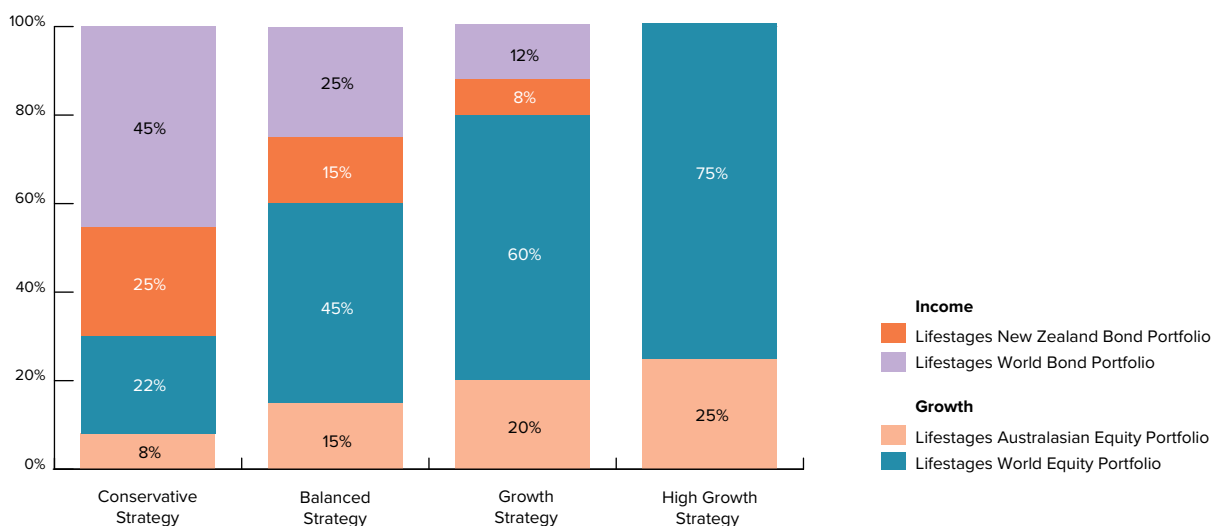
Each Strategy also has a quarterly investment update, which details the Strategies performance, fees, current holdings and key personnel.

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.sbswealth.co.nz](http://www.sbswealth.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.

\*Allocation to each Fund

#### Strategies



We can change the Fund exposures for each Strategy at any time. If you are invested in a Strategy, we will notify you of any such change and adjust your contributions and accumulated balance(s) accordingly, if applicable.

## 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.

Risk	Description
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 and cash equivalents, New Zealand fixed interest, International fixed interest, Australasian Equities, International equities and other – 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	<p>Liquidity risk is the risk that the Funds will experience difficulty in realising assets, having to liquidate assets at a time of stress which means a sub-optimal price is realised, or otherwise experiencing difficulty raising sufficient funds to satisfy financial obligations.</p> <p>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. For more information on how we manage liquidity risk, refer to our Liquidity Risk Management Policy at <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a>.</p>
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.
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	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.
Borrowing risk	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. To date the Funds have not borrowed, nor have any intention to.

Other risks that relate to the Funds are:

Risk	Description
Bank Counterparty risk	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).
Underlying investment manager selection risk	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.
Service provider risk	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.
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.
Geopolitical Risk	Geopolitical risks encompass a broad range of factors that can significantly impact financial markets and investment returns. These risks include political instability such as government changes, policy uncertainty, and civil unrest; economic policies like trade wars, sanctions, and regulatory changes; and military conflicts, including war and terrorism. These events can cause market volatility, disrupt global supply chains, impact currency values, and alter business operations. Managing these risks involves closely monitoring geopolitical developments, diversifying investments across regions and sectors, and implementing plans to mitigate potential adverse effects on the Funds' performance.
Governance Risk	Governance risk refers to the potential negative impact on investment returns due to inadequate corporate governance and poor management practices within the companies in which that Fund is invested. This risk arises from weak governance structures, such as ineffective boards and lack of accountability, as well as inefficient management decisions, including poor risk management and lack of transparency. Additionally, failure to address environmental, social, and governance (ESG) factors can lead to regulatory penalties, legal liabilities, and damage to a company's reputation. Effective governance involves ensuring that company leaders act in the best interests of shareholders and stakeholders, thereby safeguarding and enhancing long-term value. Further details of our approach can be found in our Stewardship Statement.
Fund Manager Risk	You are exposed to our investment style, the relevant fund manager of any managed fund investment, and to the risk that decisions made by the fund manager may not turn out positively. As the managed funds in your Fund generally invest across a diversified range of countries and markets, this risk is minimised but cannot be avoided altogether.

## 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 Inland Revenue Department ("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 gross 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 <https://www.sbswealth.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 or Strategies.

### Individual action fees

We do not currently charge or intend to charge an 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 classified as a multi-rate Portfolio Investment Entity ("PIE") for tax purposes, meaning any taxable income of the Funds is taxed at your Prescribed Investor Rate ("PIR"). The Strategies themselves are not PIEs, but they are composed of underlying Funds that are all PIEs.

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

Change	How changes may be made
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>• The expiration of a period of eighty years less two days since the inception date of the relevant Fund.</li> </ul>

## 8. Who is involved?

### Manager

We are the manager of the Lifestages Investment Funds and are also the issuer of the membership interests in the Funds and Strategies. 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/>

Our 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 Lifestages New Zealand Bond Portfolio, Lifestages World Bond Portfolio, Lifestages Australasian Equity Portfolio, and the Lifestages World Equity Portfolio 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 727 935 or email us at [contact@sbswealth.co.nz](mailto:contact@sbswealth.co.nz).

