

SuperLife KiwiSaver scheme investment statement

For Members who join SuperLife's **SuperLife KiwiSaver** scheme ("SLKS") on or after 1 April 2010 as a Member of the arrangements referred to as the TSB Bank KiwiSaver solution ("the Solution")

1 April 2010

Important information

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

Engaging an investment adviser

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including -

- relevant experience and qualification, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse finding by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include -

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

What sort of investment is this?

You are offered membership of a registered KiwiSaver scheme known as SuperLife's SuperLife KiwiSaver scheme ("SLKS") registered under the KiwiSaver Act 2006 ("Act") providing

retirement and other benefits, in terms of the Act, to people who join. The contributions and benefits described in this investment statement relate to people who join SLKS under the provisions of this investment statement. If you join SLKS under the provisions of this investment statement, the contributions and benefits while you are a Member are referred to as the TSB Bank KiwiSaver solution ("the Solution") though the membership is that of SLKS. Such people, who join, while they are an employee, are referred to as an "Employee Member" and while they are not an employee are referred to as an "Individual Member". Both Employee Members and Individual Members are collectively referred to as "Members".

SLKS is a trust, and was established with effect from 29 November 2006. It is an allocated superannuation scheme, registered by the Government Actuary under the Act (KS/10022). Benefits are provided to Members based on the accumulation of the contributions and other payments credited to their KiwiSaver Account with investment earnings.

Under SLKS, there is a range of investment options that Members can choose to have their KiwiSaver Account invested in. There is a range of individual sector Pools covering the major asset classes and a range of standard risk return mixes of the individual Pools. Members can choose which of the Pools they invest their KiwiSaver Account in and can change their election at any time. The Trustee can also change the investment options that are made available from time to time at its discretion.

Who is involved in providing it for me?

The name of the scheme is the SuperLife KiwiSaver scheme which, in the context of Members who joined under the provisions of this investment statement, is referred to as the TSB Bank KiwiSaver solution.

The Trustee, Administration Manager and Promoter are:

| | |
|--------------------------------|---------------------------|
| Trustee: | SuperLife Trustee Limited |
| Administration Manager: | SuperLife Limited |
| Promoter: | SuperLife Limited |

The address of each is:

SuperLife House, 41 Charlotte Street
Eden Terrace, Auckland 1021

SuperLife Limited subcontracts the day to day administration to Aventine Limited ("the Administrator"). The Administrator can be contacted at the same address.

Each director of SuperLife Limited is also a Promoter. The names of those directors are:

Michael John Chamberlain, Auckland
Owen George Nash, Auckland

Each director can be contacted at the address above.

The directors of the Promoter may change from time to time.

TSB Bank Limited:

- is involved in the marketing of the Solution or SLKS;
- but is not a promoter of the Solution or SLKS as defined in the Securities Act 1978;
- receives an administration fee from the Administration Manager paid from and included in the income received from Members by the Administration Manager.

Responsible investment, including environmental, social and governance considerations, is not taken into account in the investment policies and procedures of the scheme except that:

- the global shares and global bond portfolios are index related portfolios and therefore the securities reflect the make-up of the index.
- the NZ and Australian share portfolios together with the NZ and Australian listed property securities have regard to responsible investment trends as one of many factors considered when determining the make up of the portfolio. The responsible investment trends will affect the supply/demand of securities and their future returns.
- the selection of the securities in the NZ bond and cash portfolios have regard for responsible investment considerations as one of the contributors to future yields and therefore returns.
- SLKS offers the Ethica option, a socially responsible option that has specific regard to responsible investment principles. This is one of the over-riding selection requirements of this investment option. The extent to which responsible investment is taken into account in Ethica's policies and procedures and methodology is set out in the SuperLife KiwiSaver Web site - www.SuperLifeKiwiSaver.co.nz.

How much do I pay?

As a Member you must make contributions in accordance with the provisions of the Act. The provisions of the Act may change from time to time.

You may also make extra lump sum contributions direct to your KiwiSaver Account at any time. Cheques should be made payable to the "SuperLife KiwiSaver scheme" and sent to the Administrator at the address above.

Your contributions will accumulate in an account called your "KiwiSaver Account".

Individual Members

If you are an Individual Member you may determine from time to time the level of your regular contributions subject to the provisions of the Act. SLKS does not impose any minimum or maximum amount but has the right to impose a minimum contribution amount.

Regular contributions are paid monthly, by direct debit from your bank account, but may be made at such other times or by such other means as agreed with the Trustee.

Employee Members

If you are an Employee Member you must contribute, an amount equal to 2% of your Pay. Alternatively, you may choose to contribute at 4% or 8% of your Pay. Your "Pay" is equal to your "salary or wages" as that expression is defined in the Act.

Your regular contributions will be deducted from your Pay each pay day, and paid to the Trustee via the IRD under the PAYE tax regime. You can change the level of your regular contributions at any time by advising SLKS or your employer and completing the appropriate IRD form.

What are the charges?

- Membership fee: As a Member you will pay a general membership fee of an amount set by the Trustee from time to time. The current membership fee is a net \$33 a year. The membership fee is deducted from your KiwiSaver Account. The equivalent gross fee is paid to the Administration Manager.
- Investment management fees: As SLKS invests all of its net assets into SuperLife, SuperLife Property, Gemino, Ethica and other products as appropriate; the Trustee pays no investment managers' fees directly in relation to your KiwiSaver Account. The returns credited to SLKS by the trustees of SuperLife, SuperLife Property, Gemino and Ethica, in each case, are net of all investment managers' fees that are payable by the trustees of SuperLife, SuperLife Property, Gemino, and Ethica to their managers. The effective current investment management fees paid are:

| Pool | Investment fee (% p.a. of assets) |
|-------------------------------|--------------------------------------|
| Cash | 0.200% |
| NZ bonds | 0.225% |
| Overseas government bonds | 0.220% |
| Overseas non-government bonds | 0.300% |
| Property (approx.) | 0.430% |
| NZ shares | 0.300% |
| Australian shares | 0.300% |
| Overseas shares hedged | 0.250% |
| Overseas shares unhedged | 0.230% |
| Gemino | 10% of the positive returns |
| Ethica (approx) | 0.300% |

The investment fees described above are deducted from the investment returns before they are distributed to SLKS and can be changed from time to time by agreement between the trustees of SuperLife, SuperLife Property, Gemino, and Ethica and the relevant investment managers.

- Trustee's fee: SLKS pays a trustee fee equal to an annual fee of 10 cents in each \$100 invested (i.e. 0.1%). This fee is deducted from the investment returns before they are credited to your KiwiSaver Account. The trustee fee is paid to the Administration Manager.
- The normal costs of investing, such as brokerage, stamp duty etc. are deducted from SLKS's assets directly or indirectly through its investments in SuperLife, SuperLife Property, Gemino, and Ethica as applicable and therefore are offset against the investment returns payable and are not met directly by Members.
- Other costs: The Trustee may debit the SLKS's assets as a whole with the external running costs directly associated with SLKS including the costs of audit, legal expenses, printing, postage and other similar expenses. Currently, these in-fund costs are limited to a net 10 cents a year for each \$100 invested (0.1% p.a. of assets).
- Switching fees: there is no charge when you switch from one investment Pool to another. However, the Trustee reserves the right to charge a transaction fee and pay it to the Administration Manager.
- Benefit and exit fees: there is no charge when you take money out of SLKS at retirement. However, the Trustee reserves the right to charge a transaction fee in respect of pre-retirement payments of up to a net \$100 and pay it to

the Administration Manager.

All these fees may be changed by the Trustee at the written request of the Promoter.

What returns will I get?

The returns you will get from the Solution depend on the benefits you receive relative to the contributions that you pay. The benefit payable to you will depend on factors including how much you have contributed, how much your employer has contributed, the \$1,000 kick-start contribution from the government, any "tax credits" received that are paid by the government and the investment returns net of any expenses deducted from your KiwiSaver Account.

Employer contributions

If you are an Employee Member, your employer also contributes such amounts and on such basis as it determines from time to time or may be required to contribute from time to time in accordance with the Act. Contributions paid by your employer are known as your "Employer Subsidy".

The Employer Subsidy in respect of you (less the rate of employer superannuation contribution tax ("ESCT") payable (if any) on employer contributions to superannuation schemes) will be credited to your KiwiSaver Account. The current rate of ESCT applicable to you ranges up to 33% depending on the taxable income you receive from the employer and the contributions paid by your employer.

Government payments

The \$1,000 kick-start contribution, any tax credits and any other amounts paid by the government in respect of you under the Act will be credited to your KiwiSaver Account as soon as practicable after they have been received by the Trustee.

Investment Returns

The investment returns are based on the earning rates, after tax, investment management and asset related fees of the investments for the investment strategies you choose from the options made available from time to time. The investment returns will vary with the movement in the market value of the investments. In some years they may be high, in others they could be low or even negative. If an earning rate is negative, the negative investment returns will be deducted from your KiwiSaver Account.

If you do not decide on an investment strategy for your KiwiSaver Account, your KiwiSaver Account will be invested in accordance with the Standard Mix and the investment returns will be the returns achieved by the Standard Mix. The Standard Mix is set by the Trustee from time to time at its discretion. The current Standard Mix is the investment option known as AIM^{Age Steps}. AIM^{Age Steps} allocates a Member's savings between the investment sector Pools in a defined way, based on the Member's age. The underlying strategy varies from 80% property/shares and 20% cash/bonds at age 30 and under, to 50% property/shares and 50% cash/bonds at age 65.

Where a Member dies then, as soon as practicable after the Trustee receives formal advice of the death, the investment strategy of the Member will be change to be invested 100% in the Cash Pool.

SLKS is required to pay tax on its investment earnings before they are allocated to your KiwiSaver Account. SLKS is a "Portfolio Investment Entity" ("PIE"). Under the PIE regime, SLKS deducts and pays tax on behalf of Members at a rate of 12.5%, 21% or 30% depending on the Member's Prescribed Investor Rate.

Tax legislation and rates of tax may be subject to change. The impact of tax may vary depending on your individual circumstances.

Benefits will be payable under SLKS only in circumstances and at times in accordance with the Act.

- (a) **Retirement:** If you attain the later of the state pension age and the date upon which you have been a member of KiwiSaver for five years, you will become entitled to receive a retirement benefit. The retirement benefit is equal to the value of your KiwiSaver Account as at the date of the payment of the retirement benefit.
- (b) **Death:** If you die, while you are a Member, a death benefit will be payable to your estate. The amount payable is equal to the value of your KiwiSaver Account as at the date of the payment of the death benefit.
- (c) **Significant financial hardship:** If you suffer "significant financial hardship", as defined in the Act you may become entitled to a payment from your KiwiSaver Account of an amount equal to the lesser of the value of your KiwiSaver Account as at the date of payment less the sum of the government's \$1,000 kick-start and the tax credits (if any) credited to your KiwiSaver Account, and the amount required to alleviate the significant financial hardship.
- (d) **Serious illness:** If you suffer "serious illness" as defined in the Act, you can apply for a serious illness benefit. The serious illness benefit is equal to the value of your KiwiSaver Account as at the date of the payment of the serious illness benefit.
- (e) **First home:** If you have been a member of KiwiSaver for at least three years and you buy your first home, you may elect to receive a first home benefit. The first home benefit is equal to an amount that you nominate up to the amount that is equal to the value of your KiwiSaver Account as at the date of payment less the sum of the government's \$1,000 kick-start and the tax credits (if any) credited to your KiwiSaver Account.
- (f) **Other benefits:** If any other circumstances arise where the Act permits a benefit, a benefit will be payable in accordance with the relevant provisions of the Act.

Any benefit payable, is paid to you as a cash lump sum or can be retained in SLKS and paid to you later as you choose. Retirement benefits can also be transferred to SuperLife at your option.

In most cases, benefits will be paid tax-free. However, the Income Tax Act 2007 may, under certain limited circumstances, impose a tax on your benefits paid from SLKS where your employer has contributed on your behalf. The tax, if applicable, will be equal to 5% of some, or all, of the amount that is paid from contributions made by your employer. The tax will generally be deducted from your benefit before payment. The Income Tax Act 2007 is complicated and before being paid a benefit the Trustee recommends you seek further advice on how the Act may affect you.

No quantifiable amount of returns has been promised or guaranteed.

TSB Bank Limited does not guarantee or underwrite that you will receive the capital value of any contribution made to your KiwiSaver Account or any investment return, benefit or other amount associated with your KiwiSaver Account. Your KiwiSaver Account under SLKS does not represent a deposit with, or other liability of, TSB Bank Limited.

The person legally liable to pay the benefits is the Trustee.

What are my risks?

Investment performance

Ordinarily, you can expect to receive a benefit from your KiwiSaver Account under SLKS that is greater than the total of any contributions that you make. However, no-one guarantees future investment returns. Your risks are the normal risks associated with investments. If you have been in SLKS for a short time and the markets applicable to the investments held by SLKS in respect of your investment strategy go down, then you can get a lower return than expected, and even a negative return. In these cases, you might receive less than you invested. However, you will never be required to pay any more money than your agreed contributions including on the insolvency of SLKS.

Termination

The Trustee can dissolve SLKS and SLKS will be dissolved if the Trustee goes into liquidation and no replacement trustee is appointed. If SLKS is dissolved, the Trustee first keeps enough to pay the winding up costs and any tax and other liabilities. Members will get their share of remaining assets in each Pool by transfer to another approved KiwiSaver scheme in equal priority in proportion to the amount in their KiwiSaver Account in that Pool. Members will not have to pay any further amounts on dissolution.

Can the investment be altered?

You may change your regular contribution amount at any time in the manner and on the basis set out in the Act. You pay no charges for this change. You may change your investment strategy (i.e. switch the investment of your KiwiSaver Account between the Pools) in accordance with the regulations set by the Trustee from time to time.

The Trustee may change:

- any provision of SLKS's trust deed at any time, as long as it complies with the requirements of the trust deed and the Act, and
- the fees payable on giving 3 months' notice.

The provisions of SLKS will also be altered if the Act changes and as a consequence SLKS is required to change to maintain its approved KiwiSaver scheme status.

How do I cash in my investment?

You may receive a benefit from SLKS only in accordance with the provisions of the Act.

You may, in accordance with the Act, transfer the balance in your KiwiSaver Account to another KiwiSaver scheme of which you become a member. You can do this at any time.

You may not assign, mortgage, charge, transfer, or attempt to assign, your interest in SLKS, or allow an event to occur that causes your benefit entitlement to vest in another person.

If your KiwiSaver Account balance reduces to zero the Trustee may, at its discretion, terminate your membership.

Who do I contact with enquiries about my investment?

You can contact the Administrator, at:

SuperLife House, 41 Charlotte Street,
Eden Terrace, Auckland 1021

PO Box 8811, Symonds Street, Auckland 1051

Telephone (09) 375 9800

Is there anyone to whom I can complain if I have problems with the investment?

You should address your complaints first to the Administrator (as immediately above). If the matter is not resolved to your satisfaction, it may be addressed to:

The Chairman
SuperLife Trustee Limited
C/- the Administrator (address above).

Complaints may also be made to:

The Government Actuary
Ministry of Economic Development
Level 6, 33 Bowen Street, Wellington 6011

PO Box 10867, The Terrace, Wellington
Telephone (04) 913 3651

or

The Securities Commission
8th Floor, Unisys House, 56 The Terrace, Wellington 6011

PO Box 1179, Wellington 6011
Telephone (04) 472 9830

There is no Ombudsman to whom complaints may be made.

What other information can I obtain about this investment?

SLKS's financial statements and prospectus have more information about SLKS and the Trustee. A copy of SLKS's most recent financial statements and prospectus may be obtained free of charge from the Administration Manager at its address. They are also available on the Web site www.TSBBankBankKiwiSaver.co.nz.

SLKS's financial statements, prospectus and other documents are filed on public register at the Companies Office of the Ministry of Economic Development, Level 18, ASB Building, 135 Albert Street, Auckland and are available for public inspection (including at www.companies.govt.nz).

You will receive a benefits statement and also an annual report (that will include a summary of SLKS's financial statements) and newsletters from time to time.

At any time, you can contact the Administrator to see the most recent annual report, trust deed, prospectus, and most recent investment statement applicable to Solution. You can have a copy of the trust deed free of charge. They are also available on the Web site www.tsbbank.co.nz/Banking/KiwiSaver.aspx