

lifetime

RETIREMENT INCOME



17 July 2017

Product Disclosure Statement

This document replaces the Product Disclosure Statement dated 31 May 2017

Issued by Lifetime Asset Management Limited (**Lifetime**). 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 at: companiesoffice.govt.nz/disclose. Lifetime has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek clarification from a financial adviser to help you to make an investment decision.

1. Key information summary

What is this?

This is a managed investment scheme which is designed to enable you to receive an income for life, even after your original investment runs out. Your money will be pooled with other investors' money and invested in various investments. Lifetime Asset Management Limited will invest your money and charge you a fee for its services.

The Lifetime Withdrawal Benefit you receive is insured and protected against the volatility of uncertain financial markets and the possibility of outliving your original investment. The returns of the Lifetime Income Fund (**Fund**) are dependent on the investment decisions of Lifetime, its investment managers, and the performance of the investments. The value of the investments may go up or down. The types of investments and the fees you will be charged are described in this document.

What will your money be invested in?

Fund name	Lifetime Income Fund							
Investment objective	<p>The Fund has two Portfolios:</p> <ul style="list-style-type: none"> • Balanced Portfolio; and • Cash Portfolio. <p>Your investment is combined in both portfolios. Most of the investment activities occur in the Balanced Portfolio. The allocation to the Cash Portfolio is made by us to meet the Fund's income for life (i.e. Lifetime Withdrawal Benefit) commitments to you. The allocation of investment between Portfolios is different for each investor.</p> <ul style="list-style-type: none"> • Balanced Portfolio: invests in low cost diversified index funds with underlying exposure to international and Australasian equities, and fixed interest. Its investment objective is to deliver a target return of 6.50% per annum (before taxes and fees) and limit volatility to no more than 7.50% over the long term. • Cash Portfolio: invests in New Zealand cash and short-term fixed interest. <p>To provide you with your Lifetime Withdrawal Benefit, we have arranged a separate insurance policy. This policy is provided by Lifetime Income Limited, a related party insurance company licensed by the Reserve Bank of New Zealand.</p>							
Risk indicator	<div style="text-align: center;"> <p>◀ Potentially lower returns Potentially higher returns ▶</p> <table border="1" style="margin: auto;"> <tr> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">2</td> <td style="width: 20px; height: 20px; text-align: center;">3</td> <td style="width: 20px; height: 20px; background-color: #76b82a; color: white; text-align: center;">4</td> <td style="width: 20px; height: 20px; text-align: center;">5</td> <td style="width: 20px; height: 20px; text-align: center;">6</td> <td style="width: 20px; height: 20px; text-align: center;">7</td> </tr> </table> <p>◀ Lower risk Higher risk ▶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>See Section 4 'What are the risks of investing?' for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at sorted.org.nz/tools/investor-kickstarter</p> </div>	1	2	3	4	5	6	7
1	2	3	4	5	6	7		
Total Annual Fund Charge <i>Per-annum estimate of the net asset value of the Fund.</i>	1.00%							
Income Guarantee Insurance Premium <i>Per-annum of your Protected Income Base.</i>	1.35% (single investor); 1.75% (joint investor)							
Buy/Sell Spread <i>Indicative buy/sell spread in the Balanced Portfolio. There is no buy/sell spread charged in the Cash Portfolio.</i>	0.125%							

Who manages Lifetime Income Fund?

Lifetime is the Manager of the Fund. See Section 7 'Who is involved?' for more information.

How can you get your money out?

You can choose to start receiving your Lifetime Withdrawal Benefit at any time between age 60 and 90. You may also, at any time, request the redemption of some or all of your investment in the Fund.

Lifetime Withdrawal Benefit

Your Lifetime Withdrawal Benefit is calculated as a percentage of your Protected Income Base. Initially, your Protected Income Base is your total investment in the Fund. On each anniversary of your first investment, we'll check whether the total value of your investment in the Fund exceeds your Protected Income Base. If it does, we'll increase your Protected Income Base to match your current investment balance, which in turn will increase your Lifetime Withdrawal Benefit.

See Section 2 'Withdrawing your Investment' for a list of Payment Rates

You can choose whether your Lifetime Withdrawal Benefit is paid fortnightly or monthly.

Because your Lifetime Withdrawal Benefit is protected by income guarantee insurance, you'll receive your Lifetime Withdrawal Benefit regardless of the investment performance of the Fund.

Full and Partial Withdrawals

Your investment in the Fund can't be sold or transferred to anyone else. However, you can redeem all or part of your investment in the Fund at any time.

If you make a full withdrawal you won't receive the benefit of the insurance and the premiums you've paid won't be refunded. If you make a partial withdrawal, your Protected Income Base and Lifetime Withdrawal Benefit will be reduced proportionally. We can suspend withdrawals in certain circumstances. See Section 2 'How does this investment work?' for further details.

How will your investment be taxed?

The Fund is a Portfolio Investment Entity (PIE). The amount of tax you pay in respect of a PIE is based on your Prescribed Investor Rate (PIR). This can be 0%, 10.5%, 17.5% or 28%. See Section 6 'What taxes will you pay?' for further details.

Where can you find more key information?

We're required to publish quarterly updates for the Fund. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund update is available at lifetimeincome.co.nz. We'll also give you copies of those documents on request.

Contents

1	Key information summary	2
2	How does this investment work?	5
3	Description of your investment option	9
4	What are the risks of investing?	10
5	What are the fees?	11
6	What taxes will you pay?	13
7	Who is involved?	13
8	How to complain	14
9	Where you can find more information	14
10	How to apply	14

2. How does this investment work?

The Fund can help you turn your investment into a regular income that will last the rest of your life even if your original investment runs out. Your Lifetime Withdrawal Benefit can start from the day you turn 60. Alternatively you can invest and wait for a few years (up to age 90), continuing to grow your investment with the knowledge your Protected Income Base is insured meaning it can rise but can't fall. You can add or withdraw money at any time and we'll recalculate your Protected Income Base. It's your investment and you're in control at all times.

The Fund invests your money in low cost, diversified index funds managed by experienced investment managers (Vanguard Asset Management, ANZ, Milliman, Harbour Asset Management and SmartShares) and insures your Lifetime Withdrawal Benefit with Lifetime Income Limited, a related party insurance company, licensed by the Reserve Bank of New Zealand.

The income guarantee insurance policy that insures your Lifetime Withdrawal Benefit is held by Public Trust, for and on behalf of all investors in the Fund. The Fund will also deduct and pay your insurance premiums directly to the insurer.

When you invest in the Fund, a Protected Income Base is established. Your Protected Income Base is used to determine your Lifetime Withdrawal Benefit.

Initially, your Protected Income Base is your total investment in the Fund. On each anniversary of your initial investment, we'll check whether your investment balance exceeds your Protected Income Base. If it does, we'll increase your Protected Income Base to your current investment balance. This means your Protected Income Base may rise due to positive investment returns or if you make additional contributions to the Fund. However, your Protected Income Base is insured and will never fall (unless you make a withdrawal).

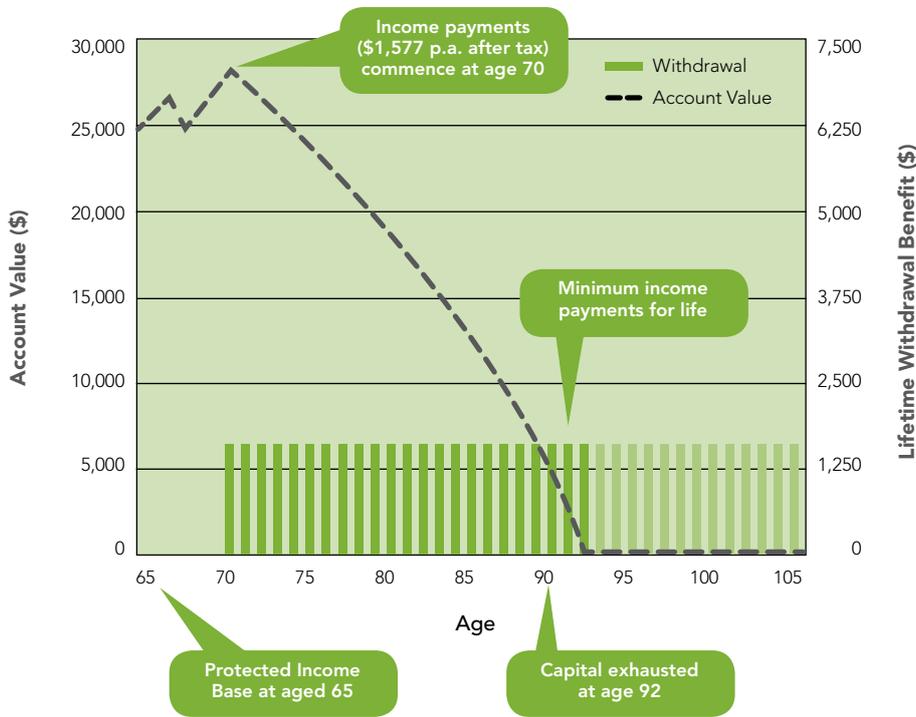
There are two phases to your Lifetime Withdrawal Benefit, which you can choose to receive any time from age 60:

Protected Income Phase	Insured Income Phase
Your Protected Income Phase begins on the date of the first payment of your Lifetime Withdrawal Benefit and continues until your balance in the Fund falls to zero. Payments made during this phase are made by us from your investment in the Fund.	Your Insured Income Phase begins on the date your balance in the Fund falls to zero to ensure you maintain your income for life. Payments made during this phase are made by the insurer, Lifetime Income Limited.

Because your Lifetime Withdrawal Benefit is protected by income guarantee insurance, you'll receive your Lifetime Withdrawal Benefit regardless of the investment performance of the Fund.

Example - How the Fund works

Peter invests in the Fund at age 65 with an initial investment of \$25,000. He chooses to start receiving his Lifetime Withdrawal Benefit at age 70. This graph shows Peter's regular Lifetime Withdrawal Benefit payments and investment movements over his life.



This graph is for illustration purposes and shouldn't be regarded as a forecast for your investment or future performance or income payments. An assumption of 6.50% gross return (before fees, taxes and insurance premiums have been deducted) has been made over future investment returns of the Balanced Portfolio. Fees, taxes and insurance premiums are as detailed in Section 5 'What are the fees?'. Different assumptions will produce different outcomes. For example, if the investment returns are higher than those used in the graph it will take longer for the account balance to run out. Conversely, if the investment returns are lower the account balance will run out earlier.

Example explained:

Age	Description
65	Peter made his initial investment of \$25,000 in the Fund. He chooses to defer his Lifetime Withdrawal Benefit until aged 70. His Protected Income Base at age 65 is \$25,000. We review Peter's Protected Income Base annually. Given the net positive investment returns over five years, Peter's Protected Income Base has grown to \$28,673 at age 70.
70	Peter's Protected Income Base has increased to \$28,673, which is used to calculate his Lifetime Withdrawal Benefit. At age 70, his Lifetime Withdrawal Benefit rate is 5.50% per annum. Peter's Lifetime Withdrawal Benefit is \$1,577 per year ($\$28,673 \times 5.50\%$) or \$61 per fortnight, for life.
92	Peter's initial investment has run out, but he'll continue to receive his Lifetime Withdrawal Benefit until he dies because his Lifetime Withdrawal Benefit is insured.

Structure of the Fund:

	Description
Registration	The Fund is a registered managed investment scheme under the Financial Markets Conduct Act 2013. This means your money is pooled with other investors' money and invested by Public Trust on our instructions. Your investment is represented by units in the Fund. The value of units in the Fund will change according to the changing value of the underlying assets in which the Fund has invested.
Legal Structure	The Fund is structured as a trust, and is governed by the Trust Deed between Lifetime and Public Trust, which is the supervisor and independent custodian of the Fund, on behalf of investors. The Fund's assets are held on trust by Public Trust and are separate from the assets of Lifetime.
Distributions	Apart from your Lifetime Withdrawal Benefit, we don't expect to make distributions from the Fund.

Making investments

Individual New Zealand residents or citizens younger than age 90 may invest in the Fund, subject to a minimum initial investment of \$25,000.

You can make additional investments of at least \$1,000 at any time before you start receiving your Lifetime Withdrawal Benefit. The maximum total investment is \$1,000,000. We can accept applications above or below these amounts at our discretion.

For information on how to invest in the Fund, see Section 10 'How to apply'.

Withdrawing your investment

Lifetime Withdrawal Benefit

You can choose to start receiving your Lifetime Withdrawal Benefit at any time between age 60 and 90. The age you choose to start receiving your Lifetime Withdrawal Benefit determines your Payment Rate, and the amount you'll receive fortnightly or monthly. Once you've chosen to start receiving your Lifetime Withdrawal Benefit your Payment Rate won't change.

Age at first Lifetime Withdrawal Benefit payment	Lifetime Withdrawal Benefit Payment Rate (percentage of Protected Income Base)
60	4.50% p.a.
61	4.60% p.a.
62	4.70% p.a.
63	4.80% p.a.
64	4.90% p.a.
65	5.00% p.a.
66	5.10% p.a.
67	5.20% p.a.
68	5.30% p.a.
69	5.40% p.a.
70	5.50% p.a.
71	5.60% p.a.
72	5.70% p.a.
73	5.80% p.a.
74	5.90% p.a.

Age at first Lifetime Withdrawal Benefit payment	Lifetime Withdrawal Benefit Payment Rate (percentage of Protected Income Base)
75	6.00% p.a.
76	6.10% p.a.
77	6.20% p.a.
78	6.30% p.a.
79	6.40% p.a.
80	6.50% p.a.
81	6.60% p.a.
82	6.70% p.a.
83	6.80% p.a.
84	6.90% p.a.
85	7.00% p.a.
86	7.10% p.a.
87	7.20% p.a.
88	7.30% p.a.
89	7.40% p.a.
90	7.50% p.a.

If you die during your Protected Income Phase, the balance of your investment in the Fund will be paid to your estate and no further Lifetime Withdrawal Benefit payments will be paid to any person. If you die during your Insured Income Phase, where you have no investment balance, no amount will be paid to your estate.

Redemption of your Investment

Partial Withdrawal	Full Withdrawal
<p>You can make a partial withdrawal up to a maximum of 20% of your aggregate investment in the Fund at any time.</p> <p>If you choose to make a withdrawal greater than 20% it will be treated as a full withdrawal.</p> <p>There is no limit on the number of partial withdrawals you can make from the Fund.</p> <p>If you choose to make a partial withdrawal this will reduce your Protected Income Base from which your Lifetime Withdrawal Benefit is calculated.</p>	<p>You can make a full withdrawal of your investment in the Fund at any time.</p> <p>If you're receiving a Lifetime Withdrawal Benefit it will stop and you'll receive no further benefit from the insurance policy held by the Fund. The premiums you've paid won't be refunded.</p>

Your withdrawal will be paid to you, after adjustment for any tax payable (if applicable), within 30 working days from the date your withdrawal request is received.

Joint Investment

We may accept joint investment by couples who are married, in a relationship in the nature of marriage, civil union, or a de facto relationship where the youngest investor is aged at least 60 and the age differential of the couple is ten years or less.

The Lifetime Withdrawal Benefit Payment Rate for the couple will be based on the age of the younger investor of the couple.

In the event one of the investors passes away, the survivor will continue to receive their Lifetime Withdrawal Benefit (at the same amount) for the rest of their life.

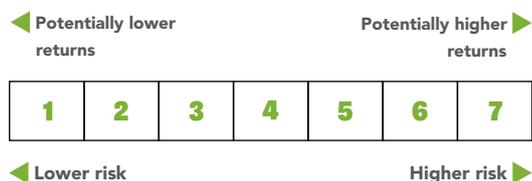
Joint investment may not benefit all couples. For more information on the terms and conditions applicable to joint investment, see the 'Other Material Information' document on the Offer Register at companiesoffice.govt.nz/disclose

4. What are the risks of investing?

Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.

Below is a blank risk indicator.



For the filled-in risk indicator for the Fund, see Section 3 'Description of your investment option'.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets go up and down (volatility). 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 sorted.org.nz/tools/investor-kickstarter

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described under the heading 'Other specific risks') that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The investment returns in the Fund are generated from the Balanced Portfolio, and the Balanced Portfolio has a volatility target sought to be achieved through a risk strategy implemented by Milliman. Due to these factors, we've calculated the risk indicator based on a method we consider reflects the potential future volatility of your investment in the Fund, rather than basing it on historical returns. Further details about the method we've used to calculate the risk indicator is available in the 'Other Material Information' document on the Offer Register at companiesoffice.govt.nz/disclose

While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund update for the Fund on the Offer Register at companiesoffice.govt.nz/disclose

General investment risks

Some of the things that may cause the Fund's value to move up and down and affect the risk indicator are; market risk, liquidity risk, interest rate risk, and currency risk.

Investment Risks	Description
Market Risk	The value of investments may rise or fall as a result of developments in economies, financial markets, and regulatory or political conditions. The performance of individual assets, securities, and issuers can impact returns.
Liquidity Risk	There is a risk that some assets of the Fund may not be able to be converted into cash, because of lack of a market in which to sell them, or if the market is disrupted.
Interest Rate Risk	The market value of fixed interest securities can change because of changes in interest rates. The impact this has on the Fund will depend on the term of the fixed investment, and the interest rate relative to market rates.
Insurance Risk	There's a risk Lifetime Income Limited won't be able to honour its income guarantee insurance policy in the event of a catastrophic market event (i.e. catastrophic negative developments in financial markets, and regulatory or political conditions). If this occurs your Lifetime Withdrawal Benefit would stop and your interest in the Fund would be paid to you, net of wind-up fees and costs (if any). Any establishment costs incurred in setting up the Fund would not be recovered.

General investment risks

Other Specific Risks	Description
Currency Risk	Most of the assets in the Fund are invested overseas. This means that returns expressed in New Zealand dollars can be affected by movements between the New Zealand dollar and overseas currencies. If the New Zealand dollar goes up, the relative value of these assets goes down. If the New Zealand dollar goes down, the relative value of these assets goes up.

Details of other general risks can be found in the 'Other Material Information' document on the Offer Register at companiesoffice.govt.nz/disclose

5. What are the fees?

You will be charged fees for investing in the Fund. Fees are deducted from your investment and will reduce your returns. If Lifetime invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term;
- one-off fees (for example, exit fees - although we don't currently charge these).

These fees are as follows:

Total annual fund charge <i>(Per-annum estimate of the net asset value of the Fund)</i>	Other charges <i>(Per-annum of your Protected Income Base)</i>
1.00%	Income Guarantee Insurance Premium of 1.35% (single investor) or 1.75% (joint investor)

Description of the above fee categories:

	Description	How is the fee paid?
Total annual fund charge	Used to pay for the investment management services (including those of the underlying funds' investment managers) and to pay for the general administration of the Fund (i.e. accounting, audit, legal and regulatory compliance costs) and administration costs of the Fund. The annual fund charge is based on fixed fees, except for an estimate of 0.49% per annum investment management fee charged by the underlying funds' investment managers. This estimate is based on actual costs reported by the underlying funds' investment managers for the year ending 31 March 2017, and anticipated investment levels in the underlying funds in accordance with the Fund's SIPO.	Calculated daily as a percentage of the net asset value of the Fund and is reflected in the value of your units in the Fund.
Other charges	Used to pay Lifetime Income Limited the income guarantee insurance premium to ensure we can pay your Lifetime Withdrawal Benefit for your entire life.	Calculated daily as a percentage of your Protected Income Base and deducted each month by cashing in some of your units.

Performance-based fees

Performance-based fees are not charged by the Fund or any underlying funds' investment managers.

Individual action fees

There are currently no establishment, contribution, withdrawal or termination fees charged.

Buy / Sell spread

When you invest or withdraw from the Fund, you'll be charged a buy / sell spread. This is based on the amount of the investment or withdrawal from the Balanced Portfolio. The buy / sell spread is paid to the Fund (and not to us). It's designed to ensure any transaction costs incurred as a result of an investor investing or withdrawing from the Balanced Portfolio are borne by that investor, and not other investors in the Fund.

Indicative buy spread	Indicative sell spread
0.125% of investment allocated to the Balanced Portfolio	0.125% of withdrawal from the Balanced Portfolio

There aren't any other individual action fees charged by the Fund.

Example of how fees apply to an investor

Susan is aged 60, she invests \$25,000 in the Fund and chooses to start receiving her Lifetime Withdrawal Benefit immediately. Her Protected Income Base is established and set at \$25,000. A buy spread of about \$29.38 (0.125% of \$25,000)¹ is included into the unit price that she pays for her investment. This brings the starting value of her investment to about \$24,970.63.

She's also charged management and administration fees, which work out to about \$249.71 (1.00% of \$24,970.63). These fees might be more or less if her account balance has increased or decreased over the year. Over the next year, Susan pays an income guarantee insurance premium of \$337.50 (Protected Income Base \$25,000 x 1.35% = \$337.50).

Estimated total fees for the first year:

Individual action fees:	\$29.38
Fund charges:	\$249.71
Other charges:	\$337.50
Total:	\$616.59

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

¹ The buy spread is calculated based on Susan's age and she's chosen to start receiving her Lifetime Withdrawal Benefit immediately. We've allocated 94% of Susan's \$25,000 investment to the Balanced Portfolio (\$25,000 x 94% = \$23,500), to which we apply a buy spread of 0.125% (\$23,500 x 0.125% = \$29.38). There's no buy / sell spread in the Cash Portfolio.

GST

All fees are stated on a GST exclusive basis. If GST is payable, then the GST component would be payable in addition to the fee stated.

The fees can be changed

The existing fees may be changed or new fees imposed in accordance with the Trust Deed and applicable law upon giving you 90 days written notice. The insurer can increase or decrease the insurance premium upon giving you 30 days written notice.

We must publish a fund update for the Fund showing the fees actually charged during the most recent year.

Fund updates, including past updates, are available at lifetimeincome.co.nz

6. What taxes will you pay?

The Fund is a portfolio investment entity (PIE). Based on a binding ruling from Inland Revenue Department (IRD), the Lifetime Withdrawal Benefit is tax paid (i.e. after tax). The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to ird.govt.nz/toii/pir. If you are unsure of your PIR, we recommend you seek professional advice or contact the IRD. It is your responsibility to tell us your PIR when you invest or if your PIR changes. If you do not tell us, a default rate may be applied. If the advised PIR is lower than the correct PIR, you will need to complete a personal tax return and pay any tax shortfall, interest, and penalties. If the default rate or the advised PIR is higher than the correct PIR, you will not get a refund of any overpaid tax.

For more information about the tax consequences, see the 'Other Material Information' document on the Offer Register at companiesoffice.govt.nz/disclose

7. Who is involved?

About Lifetime Asset Management Limited

Lifetime is the Manager of the Fund.

More information can be found at lifetimeincome.co.nz

We can be contacted at:

Lifetime Asset Management Limited

Level 3, 120 Featherston Street

Wellington Central

Wellington 6011

Email: retire@lifetimeincome.co.nz

Phone: 0800 254 338

Who else is involved

	Name	Role
Supervisor	Public Trust	Supervises the Manager of the Fund.
Custodian	Public Trust Lifetime Income Nominees Limited (a subsidiary of Public Trust)	Holds the assets of the Funds on trust.
Administration Manager	MMC Limited	Provides registry, accounting, pricing and valuation services for the Fund.
Investment Manager	Milliman Pty Ltd	Investment manager of the Fund.
Underlying Investment Managers	<ul style="list-style-type: none">• Vanguard• ANZ• Harbour Asset Management• Smartshares	Manage underlying investment funds into which Lifetime invests the assets of the Fund.
Insurer	Lifetime Income Limited	Provides the income guarantee insurance cover.

8. How to complain

If you have a complaint, please contact us. We can be contacted at:

Lifetime Asset Management Limited

Level 3, 120 Featherston Street, Wellington Central, Wellington 6011

Email: retire@lifetimeincome.co.nz

Telephone: 0800 254 338

You can also contact the Supervisor, Public Trust at:

Public Trust

Ground Level, 100 Molesworth Street, Thorndon, Wellington 6011

Email: cts.enquiry@publictrust.co.nz

Phone: 0800 371 471

If we are unable to resolve your complaint, you can complain to Financial Services Complaints Limited (FSCL).

They can be contacted at:

Financial Services Complaints Limited

Floor 4, 101 Lambton Quay, Wellington Central,

Wellington 6011

Email: info@fscl.org.nz

Phone: 0800 347 257

FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

9. Where you can find more information

Further information relating to the Fund, including financial statements, annual reports and quarterly fund updates, the Trust Deed and SIPO are available at companiesoffice.govt.nz/disclose. A copy of this information is available on request from the Registrar of Financial Service Providers.

The above information is also available free of charge at lifetimeincome.co.nz or by contacting us.

You'll be sent an annual tax statement which will include the amount of PIE income attributed to you and the amount of PIE tax paid at your PIR. You'll also be asked to confirm your IRD number and PIR.

You can obtain general information about us and the Fund at lifetimeincome.co.nz

10. How to apply

It's easy. You can complete our application form at lifetimeincome.co.nz



Lifetime Asset Management Limited

lifetimeincome.co.nz