

ANNUAL REPORT

For the accounting period 1 April 2019 to 31 March 2020 (“Period”)

Details of Scheme

This annual report has been prepared for the Lifetime Income Fund (**Scheme**). The Manager is Lifetime Asset Management Limited (**Lifetime, We, or Us**) and the Supervisor is Public Trust.

The Scheme is an ‘other’ managed fund i.e. a managed fund that is not a KiwiSaver scheme, workplace savings scheme or superannuation scheme.

The latest Product Disclosure Statement (**PDS**) for the Scheme is dated 10 July 2020 and is open for applications.

The latest fund update for the Scheme’s investment fund was made publicly available on 28 July 2020.

The latest financial statements for the Scheme dated 28 September 2020 and the auditor’s report on those financial statements was lodged with the Registrar of Financial Service Providers on 29 September 2020. The financial statements and auditor’s report are available on the Scheme Register at disclose-register.companiesoffice.govt.nz/ (search for ‘Lifetime Income Fund’).

Information on contributions and Scheme participants

At the commencement of the Period, the Scheme offered one investment fund – the Lifetime Income Fund – with two investment portfolios:

- Balanced Portfolio; and
- Cash Portfolio.

At the end of the Period, the Scheme continues to offer only one investment fund, the Lifetime Income Fund.

On 2 December 2019, the investment fund was amended to merge the Cash Portfolio into the Balanced Portfolio. Accordingly, only one investment portfolio remains in the Lifetime Income Fund at the end of the Period. Further information on the merger of the Cash Portfolio into the Balanced Portfolio is set out under the heading “Changes relating to the Scheme” below.

The number of units on issue for each Portfolio in the investment fund were:

Lifetime Income Fund	1 April 2019	31 March 2020
Balanced Portfolio	57,792,219	106,400,690
Cash Portfolio	2,287,399	N/A
Total units on issue	60,079,618	106,400,690

Changes relating to the Scheme

Apart from the changes described below, no other material changes have occurred during the Period.

Trust Deed

- The Trust Deed for the Scheme dated 20 November 2015 as amended on 12 May 2016 and 17 July 2017 was further amended on 2 December 2019 to:
 - remove references to the Cash Portfolio on the basis that the Cash Portfolio is no longer required;
 - change the requirements relating to Unplanned Withdrawals so there is no longer a 20% cap on the amount of any Unplanned Withdrawals; and
 - remove certain provisions that reflect obligations otherwise imposed by law or under other agreements.

For further information please see the Trust Deed on the Scheme Register at disclose-register.companiesoffice.govt.nz (search for 'Lifetime Income Fund').

Terms of the Offer

- On 2 December 2019, the terms of the offer of the Scheme were changed to:
 - merge the Cash Portfolio of the Fund into the Balanced Portfolio, with the result that only one portfolio remains in the Fund. Merging the Cash Portfolio into the Balanced Portfolio simplifies the operation of the investment fund, and improves transaction reporting to unitholders;
 - reduce the target return per annum for the Balanced Portfolio from 6.5% to 5.0% (before taxes and fees), as a result of the increase in the Balanced Portfolio's cash holding and lower market return expectations;
 - allow Income Rates for incoming investors to change to respond dynamically to prevailing market conditions. This amendment did not result in changes to existing unitholders' Income Rates and does not allow the Manager to amend the Income Rates for existing unitholders;
 - amend the terms relating to unplanned partial withdrawals. Previously, unitholders were able to withdraw up to 20% of their investment amount. The amendment allows unitholders to withdraw any percentage they

choose, however if the amount remaining invested after the withdrawal is less than \$25,000, a full withdrawal will be triggered unless agreed otherwise with the Manager;

- increase the maximum investment from \$1 million to \$1.5 million (or a higher amount at the Manager's discretion);
- increase the minimum additional investment from \$1,000 to \$5,000 for unitholders who have not started receiving their regular income.

Statement of Investment Policy and Objectives

- The Statement of Investment Policy and Objectives (**SIPO**) dated 10 July 2018 was amended on 20 May 2019 to reflect a change in the underlying investment fund for International Equities exposure and International Fixed Income exposure in the Balanced Portfolio and to change the Operating Ranges and Maximum Operating Ranges in respect of the underlying investment funds for the exposures to cash and cash equivalents in the Cash Portfolio.
- The SIPO dated 20 May 2019 was amended on 15 August 2019 to disclose that socially responsible and ethical investment considerations are taken into account in the investment policies and procedures of the Scheme, to reflect a change in the underlying investment fund through which the Balanced Portfolio gained exposure to NZ Fixed Interest, and to change the Operating Ranges and Maximum Operating Ranges in respect of the underlying investment funds for the exposures to cash and cash equivalents in both the Balanced and Cash Portfolios.
- The SIPO dated 15 August 2019 was amended on 23 August 2019 to change the Operating Ranges and Maximum Operating Ranges in respect of the underlying investment funds for the exposures to cash and cash equivalents in the Cash Portfolio.
- The SIPO dated 23 August 2019 was amended on 2 December 2019 to merge the Cash Portfolio into the Balanced Portfolio of the Scheme, to reflect changes in the underlying investment funds for the investment fund's exposure to cash and cash equivalents and the associated Benchmarks, Operating Ranges and Maximum Operating Ranges for those exposures and to reduce the target return per annum for the Balanced Portfolio from 6.5% to 5.0% (before taxes and fees) to reflect substantial reductions in global interest rates.

For further information please see the SIPO on the Scheme Register at disclose-register.companiesoffice.govt.nz (search for 'Lifetime Income Fund').

Related Party Transactions

There were no changes to the nature or scale of any related party transactions during the Period.

Other information for particular types of managed funds

The unit prices for the Lifetime Income Fund's two portfolios at the start and end of the period were:

Lifetime Income Fund	31 March 2019	31 March 2020
Balanced Portfolio	1.1799	1.1473
Cash Portfolio	1.0557	N/A

Unit Price is taken at a point in time, the slight drop reflects global markets being affected by COVID-19 in late March 2020.

Changes to persons involved in the Scheme

This table shows changes made to persons involved in the Scheme during the period ended 31 March 2020.

Person	Change
The Manager of the Scheme	None
The directors of the Manager	Sir Michael Cullen resigned as a director of the Manager with effect from 31 March 2020 for health reasons.
Key personnel of the Manager	<p>The Manager had the following key personal changes:</p> <ul style="list-style-type: none"> Chelsea Devlin was appointed Chief Marketing Officer on 17 June 2019. Charlotte Montgomerie was appointed Chief Operating Officer on 21 January 2020.
The Supervisor of the Scheme	None
Board members of the Supervisor	<p>The Supervisor had the following Board changes:</p> <ul style="list-style-type: none"> Kirsty Campbell was appointed as a Board Member on 1 April 2019 Vicki Sykes was appointed as a Board Member on 1 April 2019 Fiona Oliver completed her term as a Board Member on 31 October 2019 Bevan Killick completed his term as a Board Member on 31 October 2019 Kevin Murphy was appointed as a Board Member on 1 February 2020 Meleane Burgess was appointed as a Board Member on 1 February 2020

Person	Change
Any administration manager or investment manager of the Scheme	None
The securities registrar, custodian, or auditor of the Scheme	None

How to find further information

Further information relating to the Scheme can be obtained free of charge from the scheme register and the offer register available at disclose-register.companiesoffice.govt.nz/ (search 'Lifetime Income Fund').

The scheme register includes the trust deed, statement of investment policy and objectives, financial statements, annual reports.

The offer register includes the PDS, other material information, material contracts and quarterly fund updates.

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

Contact details and complaints

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

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

Email: retire@lifetimeincome.co.nz

Phone: **0800 254 338**

You can also contact the Supervisor, Public Trust at:

General Manager, Corporate Trustee Services

Public Trust

Level 2 & 8, 22-28 Willeston Street
Wellington 6011

Email: **cts.enquiry@publictrust.co.nz**

Phone: **0800 371 471**

If we or the Supervisor are unable to resolve your complaint, you can complain to:

Financial Services Complaints Limited

Level 4, 101 Lambton Quay
Wellington Central
Wellington 6011

Email: **complaints@fscl.org.nz**

Phone: **0800 347 257**

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

You may also contact MMC Limited (the securities registrar). They can be contacted at:

MMC Limited

Level 25, 125 Queen Street, Auckland
Auckland Central
Auckland 1010

Email: **registry@mmcnz.co.nz**

Phone: **(09) 309 8926**

The logo features the word "lifetime" in a white, lowercase, sans-serif font. A small, dark leaf icon is positioned above the letter "i". Below "lifetime", the words "RETIREMENT INCOME" are written in a smaller, white, uppercase, sans-serif font.

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