

Fund Update

For the quarter ending 30 June 2021.

Lifetime Income Fund

This fund update was first made publicly available on 28 July 2021.



What is the purpose of this update?

This document tells you how the Lifetime Income Fund (**Fund**) has performed and what fees were charged. The document will help you to compare the Fund with other funds. Lifetime Asset Management Limited (**Lifetime**) prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

This Fund is designed to enable you to receive an income for life, even after your original investment runs out. Its investment objective is to deliver a target return of 5.00% per-annum (before taxes and fees) over the long-term and limit average annualised volatility to no more than 6.00% over the long-term. The Fund invests in diversified index funds with underlying exposure to international and Australasian equities, international and New Zealand fixed interest, and cash and cash equivalents. This is combined with a Risk Management Overlay¹ that's designed to manage market volatility and preserve the value of your money.

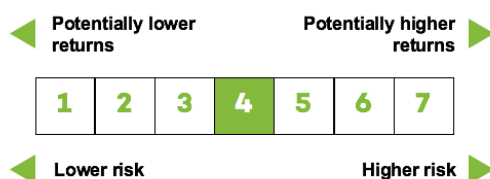
The Regular Income² you receive is insured and protected against the volatility of uncertain financial markets and the possibility of outliving your original investment. Your Regular Income is insured with Lifetime Income Limited, a related party insurance company, licensed by the Reserve Bank of New Zealand.

You were informed on 29 March 2021 that the Fund would be closing and were given the option to transfer to the Lifetime Retirement Income Fund or have your account balance returned to you. The transfer to the new fund or the return of your account balance less fees, taxes and expenses was completed in May 2021.

Total value of the Fund	\$0
The date the Fund started	10 December 2015

What are the risks of investing?

Risk indicator for the Lifetime Income Fund³



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.



To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at sorted.org.nz/tools/investor-kickstarter

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on an alternative methodology for calculating volatility due to the use of the Risk Management Overlay and is based on the potential future volatility of the

Fund³. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.



See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

How has the fund performed?

	Average over past 5 years	Past Year
Annual return (after deductions for charges and tax)	4.72% ⁴	9.09% ⁴
Annual return (after deductions for charges but before tax)	4.82% ⁴	8.13% ⁴
Market index annual return (reflects no deduction for charges and tax)	7.96%	15.17%

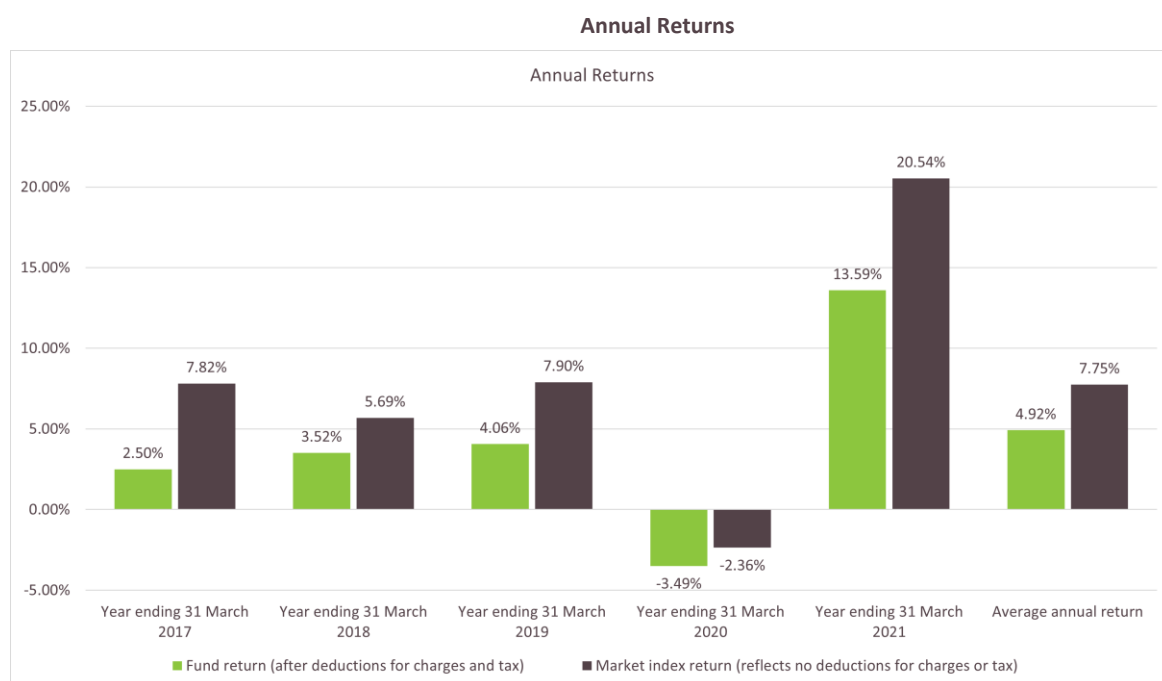
The market index annual return for the Fund is a composite index, calculated using the return of each asset class index the Fund invests in, weighted by the Fund's benchmark asset allocation. To the extent that imputation or franking credits are available, they are included in the market index.



See the Statement of Investment Policy and Objectives (SIPO) for details of the Fund's benchmark asset allocation and the asset class indices.



Additional information about the market index is available in the 'Other Material Information' document on the 'Offer Register' at disclose-register.companiesoffice.govt.nz (search for 'Lifetime Income Fund').



This shows the fund return after fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the average annual return since the Fund started, up to 31 March 2021.

Important: This does not tell you how the Fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Fund are charged fund charges. In the year to 31 March 2021 these were:

	% of net asset value
Total fund charges	1.53%
Which are made up of:	
Total management and administration charges	1.53%
Including:	
• Manager's basic fee	0.45%
• Other management and administration charges*	1.08%
Total performance-based fees**	0.00%
Other charges	
Income Guarantee Insurance Premium ⁴	1.35% (single investor) 1.75% (joint investor)

* Includes a 0.12% Fund establishment cost recovery and 0.39% for costs incurred by the Fund Manager that have been reclaimed from the Fund sooner than anticipated because of winding up the Fund.

** There are no performance fees charged by the Fund.

All fees are inclusive of GST (if any).

Investors may also be charged individual action fees for specific actions or decisions (for example, buy/sell spread). See the PDS for more information about those fees.

Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

Example of how this applies to an investor

Ben had \$25,000 in the Fund at the start of the year and did not make any further contributions. At the end of the year, Ben received a return after fund charges were deducted of \$2,032.24 (that is 8.13% of his initial \$25,000). Ben also paid \$337.50 in other charges. This gives Ben a total return after tax of \$1,935.68 for the year.

What does the fund invest in?

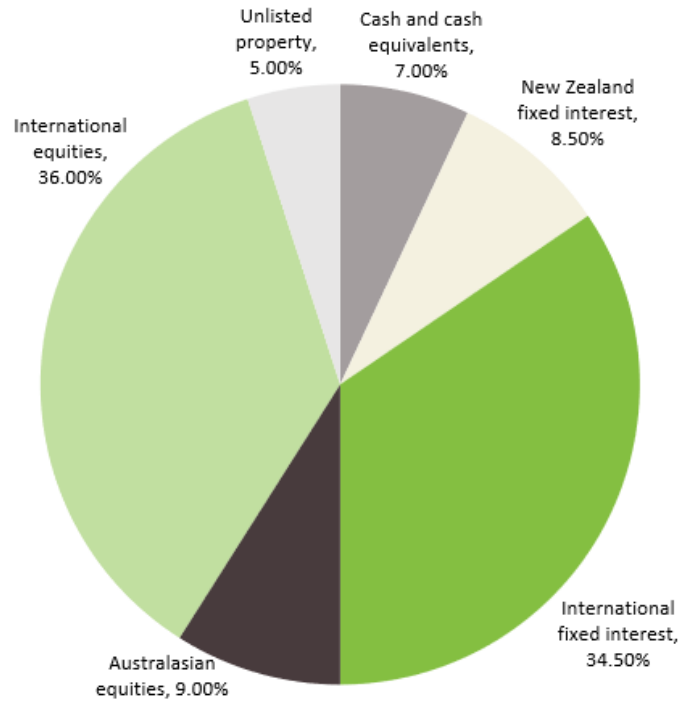
Actual investment mix

This shows the types of assets that the fund invests in.

The Fund had no assets as at 30 June 2021.

Target investment mix

This shows the mix of assets that the fund generally intends to invest in.



Top 10 investments

The fund held no assets as at 30 June 2021.

Currency hedging

Asset categories	Benchmark hedging rate	Benchmark range	Actual hedging level as at 31 March 2021
Cash and cash equivalents	Dynamic hedging that is continuously changing	-	-
New Zealand fixed interest	No foreign exchange exposure	-	-
International fixed interest	100% hedged to New Zealand dollar	+ / - 5.00%	-
Australasian equities	100% hedged to New Zealand dollar	+ / - 5.00%	-
International equities	100% hedged to New Zealand dollar	+ / - 5.00%	-
Unlisted property	No foreign exchange exposure	-	-
Other	No foreign exchange exposure	-	-



Additional information about currency hedging is available in the 'SIPO' on the 'Scheme Register' at disclose-register.companiesoffice.govt.nz (search for 'Lifetime Income Fund').

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the Fund

Name	Current position	Time in current position	Previous or other position	Time in previous or other position
Ralph Stewart	Managing Director, Lifetime Asset Management Limited	7 years and 1 month	Chief Executive, Accident Compensation Corporation	1 year and 4 months
Martin Hawes	Director, Lifetime Asset Management Limited	5 years and 7 months	Authorised Financial Adviser (<i>current position</i>)	18 years and 7 months
			Chair, Summer Investment Committee (<i>current position</i>)	4 years and 9 months
James Beale	Director, Lifetime Asset Management Limited	2 years and 2 months	Chief Executive, Oriens Capital (<i>current position</i>)	4 years and 9 months
			Head of Investment Management, Craigs Investment Partners	3 years and 4 months
Charles Hett	Member, Lifetime Asset and Liability Committee	1 year and 3 months	Appointed Actuary, Lifetime Income Limited (<i>current position</i>)	3 years and 1 month
			Head of Actuarial Services, Deloitte New Zealand	8 years and 9 months
Victor Huang	(Australia) Principal and Head of Investment Solutions Asia-Pacific - Milliman Inc	13 years and 6 months	Interest rate derivative trader, NAB	1 year and 4 months

Further information



You can also obtain this information, the PDS for the Lifetime Income Fund, and some additional information from the offer register at disclose-register.companiesoffice.govt.nz (search for 'Lifetime Income Fund').

Notes

1. The Risk Management Overlay aims to stabilise the volatility of the Fund during periods of significant and sustained market declines by varying the effective cash and share exposure. It does this by rebalancing Fund's assets by buying and selling cash and currency forward contracts. See the Other Material Information (OMI) document on the offer register at disclose-register.companiesoffice.govt.nz (search for 'Lifetime Income Fund') for more information about the Risk Management Overlay.

2. Regular Income is the minimum level of tax paid annual income to an investor for life. See the PDS for more information about the Regular Income.

3. The Fund has a volatility target sought to be achieved through the Risk Management Overlay. Lifetime has calculated the risk indicator based on a method we reasonably consider reflects the potential future volatility of the Fund rather than basing it on historical returns (i.e. Total Returns Fund methodology, as defined by FMA Guidance Notes November 2015). See the OMI for more information about the methodology for the calculation of the risk indicator.

4. The Fund returned 0.00% after 3 May 2021 as there were no funds invested in the Fund. This reduces the performance of the Fund over the 1-year and 5-year periods compared to the benchmark.

5. Up until 31 December 2020, these percentages were used to pay Lifetime Income Limited the insurance policy premium to ensure Lifetime can pay investors the Regular Income. Calculated daily as a percentage of the investors protected income base and is deducted each month from the Fund by selling units. From 1 January 2021 onwards, no insurance policy premiums have been paid to Lifetime Income Limited. See the PDS for more information about the insurance policy premium.

Lifetime
RETIREMENT INCOME