

IVCM Vanguard LifeStrategy 60% Equity Fund

Fund Update

Quarter Ended 30 June 2018

This fund update was first made publicly available on 27 July 2018



What is the purpose of this update?

This document tells you how the IVCM Vanguard LifeStrategy 60% Equity 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

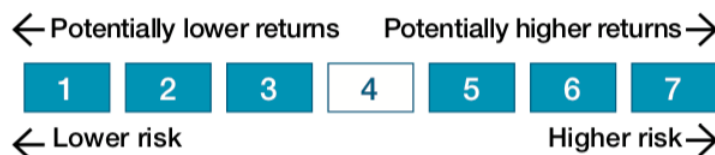
The Fund is 100% invested in the Vanguard LifeStrategy 60% Equity Fund - Income (GBP) (**Underlying Fund**). The investment objective is to achieve income and/or capital returns through exposure to diversified assets made up of 60% international equities and 40% international fixed Interest.

The Underlying Fund is a fund of funds and seeks to achieve its investment objective by investing primarily through passive, index-tracking investment funds managed by the underlying investment manager or associated investment managers that themselves seek investment returns corresponding to their own respective underlying indexes. The performance objective is to track the benchmark indices before fees and taxes.

| | |
|---------------------------------|---------------|
| Total value of the Fund | £212,710 |
| Number of investors in the Fund | 2 |
| The date the Fund started | 1 August 2017 |

What are the risks of investing?

Risk indicator for the IVCM Vanguard LifeStrategy 60% Equity Fund



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 market index data for the period 1 July 2013 to 31 January 2018 and actual returns for the period 1 February 2018 to 30 June 2018. As a result of this, the risk indicator may provide a less reliable indicator of the potential future volatility of the Fund. 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?

| | Past year |
|--|----------------|
| Annual return (after deductions for charges and tax) | Not applicable |
| Annual return (after deductions for charges but before tax) | Not applicable |
| Market index annual return (reflects no deduction for charges and tax) | 1.29% |

The market index annual return is a composite index, calculated using 60% FTSE 100 Index and 40% Barclays Sterling Gilt Float Adjusted Index (both in pound sterling). To the extent that imputation 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. The market index has not changed since the Fund's inception.

Additional information about the market index is available in the 'Market Index' document on the offer register at companiesoffice.govt.nz/disclose (search for 'IVCM (NZ) PIE Superannuation Fund').

What fees are investors charged?

Investors in the Fund are charged fund charges. Based on the PDS dated 1 August 2017 these are expected to be:

| | % of net asset value |
|--|----------------------------|
| Total fund charges | 1.12% |
| Which are made up of: | |
| Total management and administration charges | 1.12% |
| <i>Including:</i> | |
| • Manager's basic fee | 0.90% |
| • Other management and administration charges | 0.22% |
| Total performance-based fees | 0.00% |
| Other charges | Dollar amount per investor |
| | £0.00 |

All fees exclude GST (if applicable) and there are no performance fees charged by the Fund.

Investors may also be charged individual action fees for specific actions or decisions (for example, withdrawal fees). See the PDS for more information about these fees.

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

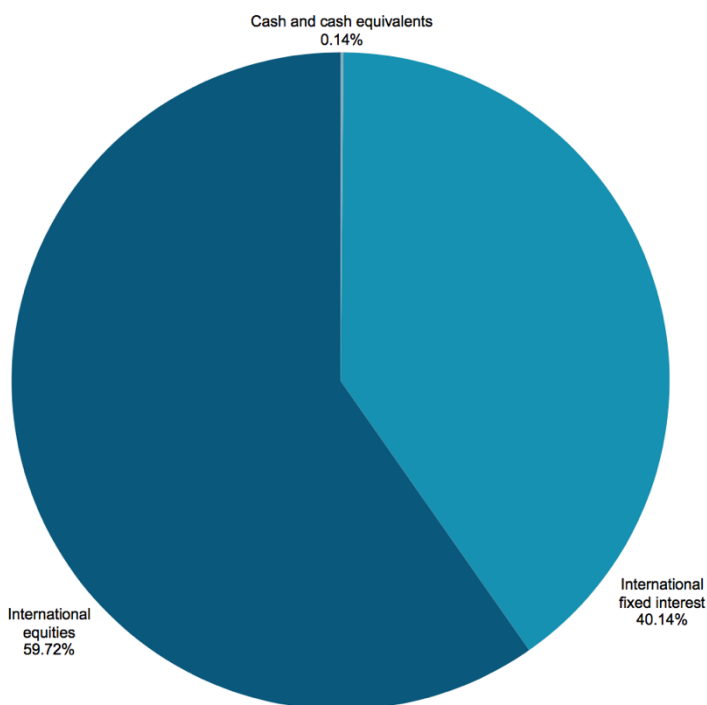
Example of how this applies to an investor¹

Ben had £10,000 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 £129 (that is 1.29% of his initial £10,000). Ben also paid £0.00 in other charges. This gives Ben a total return after tax of £129 for the period.

What does the fund invest in?

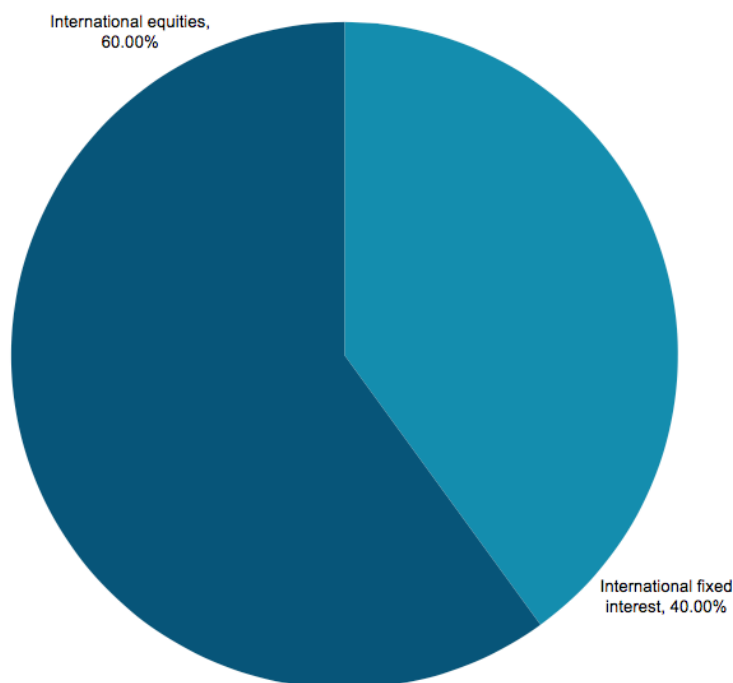
Actual investment mix

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



Target investment mix

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



Top 10 Investments

| Name | Percentage of net assets of the Fund | Type | Country | Credit rating (if applicable) |
|--|--------------------------------------|------------------|---------------|-------------------------------|
| Vanguard LifeStrategy 60% Equity Fund - Income (GBP) | 100.00% | Diversified fund | Great Britain | - |

The top 10 investments make up 100.00% of the Fund.

Currency hedging

The base currency of the Fund and Underlying Fund is pounds sterling. No currency hedging is performed at the Fund level and the Fund is not hedged to New Zealand dollars. Six of the investment funds that the underlying fund invest in are hedged back to pounds sterling by the investment manager of the Underlying Fund. The remainder of the investment funds that the Underlying Fund are invested in are pounds sterling denominated investment funds or investment funds that are not hedged. The six investment funds that the Underlying Fund invests in, that are hedged, are:

| Underlying investment fund | Benchmark hedging level |
|--|-------------------------|
| Vanguard Global Bond Index Fund Pound Sterling Hedged Accumulation Shares | 100.00% |
| Vanguard U.S. Investment Grade Credit Index Fund Pound Sterling Hedged Accumulation Shares | 100.00% |
| Vanguard Euro Government Bond Index Fund Pound Sterling Hedged Accumulation Shares | 100.00% |
| Vanguard U.S. Government Bond Index Fund Pound Sterling Hedged Accumulation Shares | 100.00% |
| Vanguard Japan Government Bond Index Fund Pound Sterling Hedged Accumulation Shares | 100.00% |
| Vanguard Euro Investment Grade Bond Index Fund Pound Sterling Hedged Accumulation Shares | 100.00% |

Lifetime has made reasonable endeavours to obtain all relevant information regarding currency hedging, but due to a lack of information (i.e. the underlying investment manager does not publish foreign hedging levels) Lifetime is not able to report the foreign hedging level of the six investment funds the Underlying Fund invests in.

Additional information about currency hedging is available in the 'SIPO' on the Scheme Register at companiesoffice.govt.nz/disclose (search for 'IVCM (NZ) PIE Superannuation 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 |
|--------------------|--|--------------------------|--|------------------------------------|
| Diana Crossan | Chair, Lifetime Asset Management Limited | 2 years and 7 months | New Zealand Retirement Commissioner | 9 years and 11 months |
| Sir Michael Cullen | Director, Lifetime Asset Management Limited | 1 years and 4 months | Deputy Prime Minister of New Zealand | 6 years and 3 months |
| Martin Hawes | Director, Lifetime Asset Management Limited | 2 years and 7 months | Authorised Financial Adviser (<i>current position</i>) | 15 years and 4 months |
| | | | Chair, Summer Investment Committee (<i>current position</i>) | 1 year and 9 months |
| Ralph Stewart | Managing Director, Lifetime Asset Management Limited | 4 years and 1 month | Chief Executive, Accident Compensation Corporation | 1 year and 4 months |
| John Strahl | Director, Lifetime Asset Management Limited | 2 years and 4 months | Partner, DLA Piper (New Zealand) | 40 years and 3 months |

Further Information

You can also obtain this information, the PDS for the IVCM (NZ) PIE Superannuation Fund, and some additional information from the offer register at: companiesoffice.govt.nz/disclose (search for 'IVCM (NZ) PIE Superannuation Scheme').

Notes

1. As the Fund has not been in existence for the whole of the 12-month period up to 30 June 2018. Therefore, the investment returns are based on market index returns.

