

lifestages 

Lifestages Investment Funds

ANNUAL REPORT 2017



The Lifestages Investment Funds are brought to you
by Funds Administration New Zealand Limited (FANZ)

 **FANZ**
Funds Administration
New Zealand Limited

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Welcome

Welcome to the Lifestages Investment Funds Annual Report for the year ended 31 March 2017.

This document is different to previous annual reports, notably it does not include the audited financial accounts for the four schemes that make up the Lifestages Investment Funds, each referred to as a ‘Scheme’ in this report. The Schemes became registered as managed investment schemes under the Financial Markets Conduct Act 2013 and are now governed by that Act and its Regulations. More details about this are in the section “Changes relating to the schemes” on page 5.

The Schemes have continued to grow over the last financial year, with both units on issue and unit price for all four Schemes having increased. The fifth Scheme, the Lifestages Income Portfolio, was closed during the year, and subsequently wound up effective 31 May 2017. More details on the Schemes and the persons involved in the Schemes are included in this report.

Investors reviewing the last year will have noted that if one were to judge performance by the media reports or the “narrative” that existed in many forums that performance would have been muted or even worse. Perhaps the most intriguing aspect was the reaction of investment markets (especially in the United States) to the election of President Trump in November 2016. Say what you will about various aspects of President Trump’s behavior and or personality, but the markets have “spoken”. Their verdict has been positive. This has been against the back-drop of an improving United States

economy with rising employment numbers, strong earnings growth, and a narrative by the Republicans that the United States is open for business. This was in contrast to the performance of the United States Index which, in 2015, had its worst year since 2008.

We called last year, a year of contrasts. This year was no exception, but for more positive reasons. Any year where growth assets produce a double-digit performance is a year to savour. It is years like 2016-17 that provides us renewed confidence in ‘how we do what we do’. The approach we take to investing your savings is a carefully considered one. Our methods are based around the three ‘d’s’ – discipline, diligence, and diversification. These are the basics that typically negate the short-term market ups and downs, while generating strong returns over time.

More information on the Schemes, like performance and financial statements, can be found by referring to the “How to find further information” section on page 8 of this report.

I thank you for your continued support over these past 12 months, and look forward to strengthening our relationship over the years ahead.

GRAHAM DUSTON

*Funds Administration New Zealand Limited,
Manager of the Lifestages Investment Funds*

Phone: 0800 727 2265
Address: Level 1, SBS, 2-6 Main North Road
Papanui, Christchurch 8542
Postal: PO Box 5038, Papanui, Christchurch

Contact us at contact@lifestages.co.nz

A copy of the full financial statements for the Lifestages Investment Funds can be obtained from www.lifestages.co.nz, or by contacting the Manager, freephone 0800 727 2265.

Details of schemes

Funds Administration New Zealand Limited (the ‘Manager’, ‘us’, ‘we’) is the manager of the following schemes, (each a ‘Scheme’, and together the ‘Schemes’):

- > Lifestages Corporate Bond Portfolio
- > Lifestages World Bond Portfolio
- > Lifestages Australasian Equity Portfolio
- > Lifestages World Equity Portfolio

The Schemes are collectively known as the Lifestages Investment Funds.

Funds Administration New Zealand Limited presents this Annual Report to the members of the Schemes for the year ended 31 March 2017 (‘Year’).

The supervisor of the Schemes is Trustees Executors Limited (‘Supervisor’).

Each Scheme is a registered ‘other’ managed fund with a Product Disclosure Statement (PDS) dated 15 November 2016 and is open for applications. The latest fund updates for the quarter ended 30 June 2017 for each Scheme were made publicly available on 28 July 2017. The latest financial statements and auditor’s report for the Schemes that have been lodged with the Registrar are for the year ended 31 March 2017.

Following a review by the manager of the Income Portfolio, a decision was made to close the Income Portfolio in September 2016 and then in February a Resolution was signed to wind up the Income Portfolio. Client communications were sent out 10 February 2017 presenting the clients with the option of switching their investment to the Lifestages Corporate Bond Portfolio or to fully redeem their units. The Income Portfolio was wound up effective 31 May 2017, at which time there were no investors left in the Income Portfolio.

Information on contributions and scheme participants

The number of units on issue in each Scheme at the start and end of the Year were:

SCHEME	UNITS ON ISSUE AS AT 31 MARCH 2017	UNITS ON ISSUE AS AT 1 APRIL 2016
Lifestages Corporate Bond Portfolio	25,315,434	19,036,603
Lifestages World Bond Portfolio	35,190,877	30,417,175
Lifestages Australasian Equity Portfolio	19,370,452	19,331,018
Lifestages World Equity Portfolio	30,675,370	30,289,827

Changes relating to the schemes

This section provides information on the material changes which occurred to the Schemes during the Year:

Governing document

The master trust deed governing the Schemes and the establishment deed for each Scheme was amended on 1 November 2016 to reflect the requirements of the Financial Markets Conduct Act 2013 ('FMCA') and the Financial Markets Conduct Regulations 2014 in order to allow each Scheme to become registered as a managed investment scheme under the FMCA and to make a number of other amendments that the Supervisor and the Manager considered appropriate in connection with the Schemes becoming registered as managed investment schemes under the FMCA.

Terms of the offer

The FMCA came into force on 1 December 2014 and fundamentally changed the laws that regulate the governance and offering of investment schemes.

Each Scheme is a Managed Investment Scheme ('MIS') for the purposes of the FMCA and was registered under the FMCA on 16 November 2016 following the Manager's receipt of its MIS licence on 1 October 2016.

The transition to the FMCA did not materially change the terms of the offers of units in the Schemes, but the Schemes' former investment statement and prospectus were replaced with a single PDS. In addition, FANZ must publish statements of investment policy and objectives ('SIPO'), quarterly fund updates and other relevant information about the Schemes under the FMCA.

From 30 November 2016 the basis of the management fee charge was changed from gross asset value to net asset value. In addition, a decision was made by the manager to cease charging performance fees to the Schemes from 1 October 2016.

Statement of Investment Policies and Objectives

The SIPO for each Scheme was updated as of 30 November 2016 to bring it into line with the FMCA. A copy of the latest SIPO for each Scheme can be obtained from the schemes register (search for the name of the relevant Scheme) at www.companiesoffice.govt.nz/disclose.

Related party transactions

All related party transactions entered into during the Year were on arms-length terms.

Other information for particular types of managed funds

Unit Prices

	UNIT PRICE (\$) AT 31 MARCH 2017	UNIT PRICE (\$) AT 1 APRIL 2016
Lifestages Corporate Bond Portfolio	1.246868	1.228034
Lifestages World Bond Portfolio	1.389606	1.341254
Lifestages Australasian Equity Portfolio	2.141454	1.984476
Lifestages World Equity Portfolio	2.104178	1.847099

Changes to persons involved in the schemes

The Manager

There was no change to the Manager during the Year. Funds Administration New Zealand Limited was the manager of the Schemes throughout the Year.

Directors of the Manager

The directors of the Manager as at 31 March 2017 were:

- > DUSTON, Graham David
- > MULVEY, Gregory John
- > SKILLING, Michael James
- > WALKER, Jeffrey Bernard
- > YOUNG, Derek Richmond

The following changes to the directors of the manager of the Schemes took place during the Year:

- > Michael Skilling was appointed as a director of the manager on 24 May 2016.

In addition, Jeffrey Bernard Walker ceased being a director of the Manager on 30 June 2017.

Key personnel of the manager

There were no changes to the key personnel of the Manager during the Year.

The Supervisor

There was no change to the Supervisor during the Year. Trustees Executors Limited was the supervisor of the Schemes throughout the Year.

The following changes to the directors of the Supervisor of the Schemes took place during the Year:

- > Peter Andrew Metz ceased being a director of the Supervisor on 6 May 2016.
- > Paul Raymond Shelley Hocking ceased being a director of the Supervisor on 7 December 2016.

In addition, Andrew Eason Scott-Howman was appointed as a director of the Supervisor on 24 April 2017, and Francesca Eve Banga was appointed as a director of the Supervisor on 18 July 2017.

Administration manager

There was no change in the administration management during the Year, with the administration management functions of the Schemes divided between us and Trustees Executors Limited.

Investment manager

We have performed all of the investment management functions for the Schemes during the Year, and have not appointed a separate investment manager to engage the underlying fund managers.

Securities registrar

There was no change to the securities registrar during the Year. Trustees Executors Limited was the securities registrar of the Schemes throughout the Year.

Custodian

There was no change to the custodian during the Year. Trustees Executors Limited was the custodian of the Schemes throughout the Year.

Auditor

There was no change to the auditor during the Year. KPMG was the auditor of the Schemes throughout the Year.

How to find further information

Each Schemes' trust deed, SIPO and financial statements are available on the schemes register at www.companiesoffice.govt.nz/disclose (search for the name of the relevant Scheme).

The current PDS, fund updates, other material information and material contracts for each Scheme are available on the offer register at www.companiesoffice.govt.nz/disclose (search for Lifestages Investment Funds).

The above and additional information relating to the Schemes is available free of charge on both the offer and scheme registers at www.companiesoffice.govt.nz/disclose and the Lifestages website, as follows:

INFORMATION	HOW TO OBTAIN		
	www.lifestages.co.nz	www.companiesoffice.govt.nz/disclose Offer Register	www.companiesoffice.govt.nz/disclose Scheme Register
Unit prices	✓		
Fund performance	✓	✓	
PDS	✓	✓	
Fund updates	✓	✓	
SIPO		✓	✓
Trust Deed		✓	✓
Financial Statements	✓		✓

In addition, general information about the Schemes and the Manager can be found on the Lifestages website (www.lifestages.co.nz). You can also contact us by email at contact@lifestages.co.nz to request any of the above information free of charge.

Contact details and complaints

Contact details

All enquiries should initially be directed to the manager.

Manager

The Manager

Executive Director
Funds Administration New Zealand Limited
51 Don Street

PO Box 835, Invercargill 9810

Phone: **0800 727 2265**

Email: contact@lifestages.co.nz

Supervisor

The Manager

Governance & Investor Oversight
Trustees Executors Limited
Level 7

51 Shortland Street
Auckland 1010

Phone: **09 308 7100**

Email: enquiry@trustees.co.nz

Securities Registrar

Trustees Executors Limited

Level 5, Maritime Towers
10 Customhouse Quay
PO Box 10519, Wellington

Phone: **0800 809 962**

Complaints

Any complaints about the Schemes should be directed to ‘the Executive Director of the Manager’ using the contact details on this page.

If an issue cannot be resolved with the Manager you can also contact the approved independent dispute resolution scheme for the Manager at:

The Office of the Banking Ombudsman

Freepost 218002

PO Box 25327, Featherston Street
Wellington 6146

Phone: **0800 805 950**

Email: help@bankomb.org.nz

You can also contact the approved independent dispute resolution scheme for the Supervisor at:

Financial Services Complaints Ltd

PO Box 5967
Wellington 6145

Phone: **0800 347 257**

Email: complaints@fscl.org.nz

Neither of the above schemes will charge a fee to any complainant to investigate or resolve a complaint.



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