

kiwi bank It's ours

The Kiwibank KiwiSaver Scheme Investment Statement

7 December 2011



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1

Important information

- Important information
- About this investment statement

Trustees Executors Superannuation Limited is the trustee and issuer of the Kiwibank KiwiSaver Scheme. Kiwibank Investment Management Limited is the manager of the Kiwibank KiwiSaver Scheme. Kiwibank Limited, Kiwibank Investment Management Limited and each of their directors are promoters of the Kiwibank KiwiSaver Scheme. Units in the Kiwibank KiwiSaver Scheme do not represent deposits or other liabilities of Kiwibank Limited.

Important information

[The information in this section is required under the Securities Act 1978].

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

	Page
What sort of investment is this?	22
Who is involved in providing it for me?	23
How much do I pay?	24
What are the charges?	27
What returns will I get?	28
What are my risks?	34
Can the investment be altered?	37
How do I cash in my investment?	39
Who do I contact with inquiries about my investment?	39
Is there anyone to whom I can complain if I have problems with the investment?	39
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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>.

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check –

- the type of adviser you are dealing with;
- the services the adviser can provide you with;
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>.

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

This document is an investment statement for the purposes of the Securities Act 1978. It is dated 7 December 2011.

About this investment statement

There may be some words in this investment statement that are new to you. To help you understand these words, we have included a glossary at the back of this investment statement.

In addition:

- "We" means Kiwibank Investment Management Limited. "Our" and "us" have corresponding meanings.
- "You" and "member" mean the person who signs up to the Kiwibank KiwiSaver Scheme.

Kiwibank provides services to members, such as internet banking. Accordingly, you should also refer to, and if you enrol in the Kiwibank KiwiSaver Scheme are bound by, Kiwibank's General Terms and Conditions for Personal Banking (if you're a personal banking customer) or otherwise Kiwibank's General Terms and Conditions for Business Banking. These terms (as applicable) govern your use of these services. You can obtain a copy of these terms at your local Kiwibank or online at www.kiwibank.co.nz.

Disclaimer

Units in the Kiwibank KiwiSaver Scheme do not represent deposits or other liabilities of Kiwibank.

None of the Manager, Kiwibank, or any other member of the New Zealand Post Group, the Trustee, the Trustee's nominee companies, nor any of their directors, officers or agents, nor any other person guarantees the payment of any money payable by the Kiwibank KiwiSaver Scheme, the performance of any of the Funds or any particular rate of return.

There is no Crown guarantee in respect of any KiwiSaver scheme or investment product of a KiwiSaver scheme.

The Kiwibank KiwiSaver Scheme is not offered, and this investment statement does not constitute an offer, in any jurisdiction other than New Zealand.

2

What is KiwiSaver?

- What are the benefits?
- How do I make contributions?
- When can I get my money?
- What do I get when I retire?

What is KiwiSaver?

KiwiSaver is a voluntary, primarily work-based savings initiative to help you with your long-term saving for retirement. It's designed to be hassle-free so it's easy to maintain a regular savings pattern.

What are the benefits?

There's a range of membership benefits to encourage you to get saving.

Government kick-start

To get your savings off to a good start, the Government will kick-start your account with a tax-free contribution – currently \$1,000.

All first time KiwiSaver scheme members will qualify for a Government kick-start contribution when they first enrol. You can only get one Government kick-start, and it's not a cash payment – it goes straight into your member account.

Employer contributions

If you're an eligible KiwiSaver scheme member making contributions from your pay, your employer also has to put money in. This is equal to 2% of your before-tax Salary or Wages. Your employer can choose to contribute more than this.

On 14 September 2011 the Government introduced legislation to increase the minimum contribution rate for employers from 2% to 3%. Assuming the legislation is passed post election, it is proposed to take effect for pay periods starting on or after 1 April 2013. This legislation has yet to be passed as at the date of this investment statement.

Member Tax Credits

The Government will contribute \$0.50 for each \$1 of your contributions up to \$521.43 per year if you qualify for a Member Tax Credit. This works out to about \$10 a week.

First home subsidy

After three years of contributing to a KiwiSaver scheme, you may be entitled to a first home subsidy of up to \$1,000 for each year you've been contributing to a KiwiSaver scheme, up to a maximum of \$5,000.

Summary of benefits

Benefit	Employees	Self-employed	Not working	Minors ¹
Government kick-start	✓	✓	✓	✓
Employer contribution ²	✓	-	-	-
Member tax credits	✓	✓	✓	-
First home deposit subsidy ³	✓	✓	✓	-

¹ Under 18 years.

² Currently this is a minimum of 2% of the relevant employee's before-tax Salary or Wages.

³ Up to \$5,000.

Benefits are as at the date of this investment statement. Conditions apply to some benefits and not all KiwiSaver scheme members in the relevant categories will qualify. Benefits could change in the future. See www.kiwisaver.govt.nz for current information.

How do I make contributions?

For many people, KiwiSaver will be work-based. This means you'll receive information about KiwiSaver from your employer, and your contributions will come straight out of your pay.

If you choose to enrol, your employer will deduct contributions from your before-tax pay at the rate of either 2%, 4% or 8% (you choose the rate) and pass them to Inland Revenue for investment in your chosen KiwiSaver scheme. If you don't choose a rate, your employer will deduct at the default contribution rate of 2%.

On 14 September 2011 the Government introduced legislation to increase both the minimum employee contribution rate and the default employee contribution rate from 2% to 3%. Assuming the legislation is passed post election, it is proposed to take effect for pay periods starting on or after 1 April 2013. This legislation has yet to be passed as at the date of this investment statement.

If you're self-employed or not working, you agree with your KiwiSaver scheme provider how much you want to contribute, and make payments directly to them.

When can I get my money?

Access to your savings is generally restricted until the later of the date on which you qualify for New Zealand superannuation (currently 65) or the date on which you've been a member of a KiwiSaver scheme and/or a Complying Superannuation Fund for five years.

There are some limited circumstances where the Trustee may consent to an early withdrawal, for example if you're buying your first home. For a full summary of early withdrawals, refer to page 29.

What do I get when I retire?

New Zealand superannuation provides for a basic standard of living in retirement, but it may not be enough for the kind of retirement you want.

KiwiSaver savings could complement New Zealand superannuation to provide you with a better standard of living for your retirement. The amount you receive when you retire is determined by factors such as contributions, the investment returns of the fund(s) you have invested in, whether you've made any early withdrawals, and the fees, tax and charges deducted from your investment.

Being a member of a KiwiSaver scheme doesn't currently affect your eligibility for New Zealand superannuation or reduce the amount of New Zealand superannuation you would be eligible for.

3

The Kiwibank KiwiSaver Scheme

- The choice is yours
- Clear and transparent pricing
- Easy access to information
- Access to expertise
- Transferring is easy!
- Employers – look after your staff

The Kiwibank KiwiSaver Scheme

We've set up the Kiwibank KiwiSaver Scheme ("the Scheme") because we think New Zealand needs a better alternative – a KiwiSaver scheme that provides value for money, and has Kiwi values at heart.

The choice is yours

We think you should have choice as well as simplicity – that's why the Kiwibank KiwiSaver Scheme offers two Investment Options:

- Classic is straightforward and easy - great if you'd rather leave some of the investment decisions to us. Just choose one Fund from the range available through Classic – we've got three actively managed multi-sector Funds or a single-sector Cash Fund.
- Self Managed offers experienced investors more control over where their contributions are invested. You choose how your contributions are allocated between our six single-sector Funds.

More information on the Scheme's Investment Options is set out on pages 11 and 17.

Clear and transparent pricing

We think it's important that you know how much you're paying for your KiwiSaver scheme – that's why we aim to lead the market in terms of transparency and disclosure of fees.

It's our management fees that are different from most other KiwiSaver scheme providers – and it's what we're proud to bring to market.

Our management fee for each Fund includes that Fund's proportionate share of the fees, costs and expenses incurred by the investment manager we've engaged in respect of that Fund (currently Kiwibank or AMP Capital) in connection with the ordinary operation and administration of the underlying funds into which that Fund directly invests.

These expenses aren't charged back to the Scheme – they're identified, quantified and paid out of our management fee. We're pretty proud of this, because it helps our members understand what they're paying for the management of the Scheme.

It also means that we're more accountable for the fees of the investment managers we've engaged.

See "What are the charges?" on page 27 for more information, including what is not covered by our management fee.

Easy access to information

We think you should have easy access to your information and a choice of channels to work through.

At your local Kiwibank, over the phone or via Kiwibank Internet Banking, you'll be able to:

- change your Investment Option;
- if you're in Classic, change Funds;
- if you're in Self Managed, change your investment mix;
- transfer funds from other Kiwibank accounts into your member account; and
- view balances and transactions.

We'll also keep in touch. Each year you'll receive:

- a statement showing details of your benefits in the Scheme as at 31 March that year; and
- an annual report for the Scheme, for as long as your Kiwibank KiwiSaver Scheme account is still active.

Access to expertise

AMP Capital

AMP Capital has been engaged to manage the Funds (with the exception of the Cash Fund) available through the Kiwibank KiwiSaver Scheme. AMP Capital is a specialist investment manager, managing over \$12 billion for New Zealand investors*. As a wholly owned subsidiary of AMP Limited, AMP Capital operates independently, with a pure investment focus, but benefits from the resources of its parent. With over 200 in-house investment professionals throughout Australasia and a carefully selected global network of investment partners, AMP Capital offers significant depth and breadth of investment expertise. AMP Capital has been recognised for the quality of its investment team, skills and resources by winning the Morningstar Fund Manager of the Year 2010 award.

* As at 30 September 2011.

Kiwibank

Kiwibank manages the Cash Fund available through the Kiwibank KiwiSaver Scheme. AMP Capital will also place cash for the Classic Funds with Kiwibank. Kiwibank's Treasury team offers cash management expertise and they will invest in a range of call and term deposits, some of which will be with Kiwibank. Kiwibank currently has a short term credit rating from Standard & Poor's of A-1+.

Transferring is easy!

It's easy to transfer from another KiwiSaver scheme to the Kiwibank KiwiSaver Scheme.

Step 1

Have a read of this investment statement and make sure you understand how the Kiwibank KiwiSaver Scheme works. If you've got any questions, you can contact us. Our contact details can be found on page 23.

Step 2

Enrol in the Kiwibank KiwiSaver Scheme:

- via Kiwibank Internet Banking (if you're already a Kiwibank customer);
- at your local Kiwibank; or
- by completing the Enrolment Form at the back of this investment statement and dropping it into your local Kiwibank; or sending it to us at:

Kiwibank Investment Management Limited
Private Bag 39888
Wellington Mail Centre
Lower Hutt 5045

Please remember to include a copy of your identification information as requested, and your IRD Number.

Leave the rest to us!

When we receive your Enrolment Form we'll notify the Inland Revenue so that further contributions come directly to us.

We'll also notify your existing provider and arrange the transfer of your funds. You may wish to talk with your existing provider about whether there are any fees or terms or conditions that apply to your transfer. We'll send you a confirmation statement when it's all sorted. And the best part? There is no fee for arranging the transfer!

Employers – look after your staff

Employers are able to select a preferred KiwiSaver scheme provider, which their employees will be allocated to if they don't choose a provider of their own.

Having a preferred provider in place shows commitment to the long-term welfare of your employees, and can make it easier for them to choose a KiwiSaver scheme provider.

If you're an employer and you would like to discuss the Kiwibank KiwiSaver Scheme for your employees, please contact us. Our contact details can be found on page 23.

4

The Kiwibank KiwiSaver Scheme – Classic

- What is Classic?
- Kiwibank Wealth Advisers
- Your risk profile
- Cash Fund
- Conservative Fund
- Balanced Fund
- Growth Fund

What is Classic?

Classic is straightforward and easy - great if you'd rather leave some of the investment decisions to us.

You choose one of our three actively managed multi-sector Funds, or our single-sector Cash Fund, into which all of your contributions will be invested.

Multi-Sector Funds

The three multi-sector Funds available through Classic are as follows:

- Conservative Fund
- Balanced Fund
- Growth Fund

The Classic multi-sector Funds invest in a combination of investment types and geographic areas.

By investing in a number of different areas, these Funds provide diversification, which can reduce the influence that an investment in a single area can have on your savings. Various types of investment tend to perform differently under the same market conditions, so an investment that outperforms (or delivers a better return) may help offset some of the impact of an investment that underperforms (or delivers a poor return).

Our multi-sector Funds also provide you with the opportunity to invest in a range of different investment types, both in New Zealand and globally.

Cash Fund

The Cash Fund may suit you if you expect to withdraw funds in the near future, for example if you're anticipating making a first home withdrawal or you're close to your Qualifying Date, or if you're a defensive investor who prefers low-risk investments. That's because the returns from the Cash Fund are expected to be steady, similar to what you would get in a bank deposit.

Further information

Further information on the Funds available through Classic is set out on pages 13 to 15.

All Funds available through Classic were established on 8 June 2010.

We will review how the Funds are invested from time to time, and may make changes without prior notice. Please note that under the Trust Deed we can, after consultation with the Trustee, vary the investment policy for any of the Funds (subject to compliance with relevant law). We will let you know if there are any material changes to the Funds. See "Can the investment be altered?" on page 37 for more information.

Making changes

You'll need to review your Kiwibank KiwiSaver Scheme investment choices on a regular basis, and if your circumstances change. For example, as you get older your risk profile may become more conservative and you may decide to change Funds or even Investment Options as a result.

Making changes is easy. You can change from Classic to Self Managed, or you can change Funds within Classic, via Kiwibank Internet Banking, by calling us or at your local Kiwibank. Our contact details can be found on page 23. See "Can the investment be altered?" on page 37 for more information.

Please note that a switch fee may apply. See "What are the charges?" on page 27 for more information.

Kiwibank Wealth Advisers

Making the right choices for your financial future can be scary. If you've decided on Classic, our Wealth Advisers can help. They'll take the time to get to know your goals and your approach to risk and return, and help you choose the Fund that's right for you and your future.

To find out more or to make an appointment, please contact your Kiwibank Wealth Adviser on 0800 11 33 55 or +64 4 473 11 33.

A disclosure statement required by law is available, free of charge, from your Kiwibank Wealth Adviser or on request by calling 0800 11 33 55 or +64 4 473 11 33.

Please note that Kiwibank Wealth Advisers cannot advise on Self Managed or the Funds available through that Investment Option.

Your risk profile

Investment risk

All investments have some degree of risk, including your investment in the Kiwibank KiwiSaver Scheme. A summary of the key risks associated with investing in the Scheme is set out on page 34 under the heading "What are my risks?".

There is also a direct relationship between risk and return. Generally, the greater the risk, the greater the potential return over the long term. Likewise, the lower the risk, the lower the potential return over the long term.

What's your risk profile?

Before you choose a Fund in Classic, you need to know what your risk profile is, and how you feel about the balance between investment risk and the potential returns you might expect.

To help work out what your risk profile is, read and complete the following questionnaire and use it to help find the Fund in Classic that's right for you. There are no right or wrong answers. Just choose the answer that best describes how you feel.

The questionnaire and risk profiles should be treated as a guide only. In addition to your tolerance for risk, you may also wish to consider factors such as your investment timeframe – for example, if you expect to make a first home withdrawal in the near future you may decide to choose the relative stability of a lower risk Fund. You may wish to seek advice from a financial adviser.

How long before you reach retirement age?	Your score
Less than five years	1
Five to 15 years	2
16 to 30 years	3
More than 30 years	4

Investments can go up and down over time. By how much would your long term KiwiSaver scheme investments have to go down before you would begin to feel uncomfortable?	Your score
I can't tolerate any fall in my investment value	1
5%	2
10%	3
15%	4
20%	5

If the value of your KiwiSaver scheme investments fluctuated more than 20% over any time frame, you would find it hard to sleep at night.	Your score
Strongly agree	1
Agree	2
Neutral	3
Disagree	4
Strongly disagree	5

If you had an investment portfolio, how often would you review it?	Your score
Whenever there's a fall in value	1
At least every year	2
Every two to five years	3
Whenever the value goes up significantly	4
Every five years or more	5

Are you willing to experience the ups and downs of the market for the potential of greater returns over the long term?	Your score
Strongly disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly agree	5

Which of the following terms best describes your attitude to taking financial risk?	Your score
A very low risk taker	1
A low risk taker	2
An average risk taker	3
A high risk taker	4
A very high risk taker	5

Which statement best describes your understanding of the financial markets and investments?	Your score
I'm not familiar with financial markets and I've got little interest in them	1
I've got some understanding	2
I've had enough experience to understand the importance of diversification	3
I understand markets fluctuate and different market sectors have different income and growth characteristics	4
I'm experienced with all investment sectors and understand the various factors that may influence performance	5

My main concern is ensuring I don't lose money on my KiwiSaver scheme investments. Keeping my money safe for my retirement is more important than earning higher returns.	Your score
Strongly agree	1
Agree	2
Neutral	3
Disagree	4
Strongly disagree	5

How do you normally feel after you've made a significant financial decision?	Your score
Very concerned	1
Concerned	2
A little uneasy	3
Content I've made the right decision	4
Optimistic that the decision I've made will provide the considered benefits	5

Risk profiles

Now add up your score, and read through the risk profile that matches your score.

This questionnaire is only a guide, so if you don't agree with the risk profile that matches your score, you may wish to read the other profiles to see if they sound more like you. For example, your score may give you a conservative risk profile, however if you have zero tolerance for capital risk, you may be more of a defensive investor.

Think about your risk profile when you're reading the profiles for the Funds in Classic on the next few pages. It may help you decide which Fund is right for you.

Your risk profile	Your score
Defensive As a defensive investor you're not comfortable investing your funds in anything that may have the potential to have a negative return. You'd expect to see a portfolio invested in 100% cash assets.	1-11
Conservative As a conservative investor you seek better than cash returns, but risk must be low. You're typically an investor seeking to protect the wealth that you've accumulated.	12-23
Balanced As a balanced investor you're looking for a diversified portfolio to work towards medium to long term financial goals. Calculated risks will be acceptable to you to have the potential for good returns, and you understand that some periods of negative returns are likely.	24-34
Growth As a growth investor you have an aggressive approach. You're prepared to accept higher volatility and higher risk. Your primary objective is to accumulate assets over the long term, and you understand that your returns will vary considerably over short periods, including times when these will be negative.	35-44

Cash Fund

Investment strategy

The Kiwibank Cash Fund (the "**Cash Fund**") gives investors a cash option, providing pre-tax returns similar to a bank deposit.

Key features

- The Fund currently invests exclusively in New Zealand dollar denominated deposits with one or more New Zealand registered banks, including Kiwibank.
- The Fund is actively managed by Kiwibank's Treasury team.

Investment guidelines

The Cash Fund may invest in interest-bearing bank accounts and term deposits with one or more New Zealand registered banks with a short term credit rating from Standard & Poor's of A-1 or better.

The Manager may review or change the investment arrangements with Kiwibank at the Manager's discretion.

Performance objective

The performance objective is to provide a gross return above the return of the ANZ NZ 90 Day Bank Bill Gross Return Index on a rolling 12 month basis.

Conservative Fund

The Kiwibank Conservative Fund (the "**Conservative Fund**") is designed to provide investors with lower levels of expected capital growth compared to the Balanced and Growth Funds but with a lower level of risk than those Funds.

To achieve this, the Conservative Fund invests principally in cash and fixed interest investments (which are typically considered lower risk investments), with a small exposure to growth assets including shares and property. Investments are diversified geographically, through holding global assets and foreign currency. The Fund may use derivatives to manage risk and for investment purposes.

Please note that market conditions may result in some variability of returns – which could even be negative at times.

The benchmark for the Conservative Fund is shown in the following table. This is the expected average mix of the Fund over the long term. The actual mix of the Fund will vary (within agreed ranges), depending on factors like market movements, changes in values of the underlying investments, and AMP Capital altering the mix of the Fund based on the outlook for markets. The ranges for the Fund are intentionally wide to facilitate tactical asset allocation.

	Benchmark %	Range %
Cash	25	10 – 65
NZ Fixed Interest	35	0 – 55
Global Fixed Interest	20	0 – 50
Income Assets	80	70 – 90
Australasian Shares	4	0 – 12
Global Shares	12	0 – 25
Global Property Securities	2	0 – 8
Australasian Property Securities	2	0 – 8
Growth Assets	20	10 – 30

The Fund, as at the date of this investment statement, gains exposure to the asset classes referred to in the table above by investing in funds and assets managed by AMP Capital or its affiliates. Kiwibank will invest the cash component entirely in interest-bearing bank accounts and term deposits with one or more New Zealand registered banks, including Kiwibank.

Some of these underlying funds invest in assets outside of New Zealand in currencies other than the New Zealand dollar. As such, returns in New Zealand can be affected by movements between the New Zealand dollar and other currencies. See page 35 for information about currency risk.

Balanced Fund

The Kiwibank Balanced Fund (the “**Balanced Fund**”) is designed to provide investors with consistent capital growth over time compared to the Conservative and Growth Funds, but with a moderate level of volatility in returns.

To achieve this, the Balanced Fund invests in a diversified portfolio which includes fixed interest, cash, shares, and listed property investments. Investments are diversified geographically, through holding global assets and foreign currency. The Fund may use derivatives to manage risk and for investment purposes.

Growth assets, like shares and listed property, normally make up approximately half of the Balanced Fund’s portfolio. These assets are expected to outperform cash and fixed interest investments in the medium to longer term. Please note that adverse market conditions may result in some variability of returns – which could even be negative at times.

The benchmark for the Balanced Fund is shown in the following table. This is the expected average mix of the Fund over the long term. The actual mix of the Fund will vary (within agreed ranges), depending on factors like market movements, changes in values of the underlying investments, and AMP Capital altering the mix of the Fund based on the outlook for markets. The ranges for the Fund are intentionally wide to facilitate tactical asset allocation.

	Benchmark %	Range %
Cash	5	0 – 20
NZ Fixed Interest	30	0 – 40
Global Fixed Interest	15	0 – 30
Income Assets	50	40 – 60
Australasian Shares	10	0 – 30
Global Shares	31	0 – 50
Global Property Securities	4	0 – 10
Australasian Property Securities	5	0 – 12
Growth Assets	50	40 – 60

The Fund, as at the date of this investment statement, gains exposure to the asset classes referred to in the table above by investing in funds and assets managed by AMP Capital or its affiliates. Kiwibank will invest the cash component entirely in interest-bearing bank accounts and term deposits with one or more New Zealand registered banks, including Kiwibank.

Some of these underlying funds invest in assets outside of New Zealand in currencies other than the New Zealand dollar. As such, returns in New Zealand can be affected by currency movements. See page 35 for information about currency risk.

Growth Fund

The Kiwibank Growth Fund (the “**Growth Fund**”) is designed to provide investors with higher levels of expected capital growth over time compared to the Balanced and Conservative Funds, while recognising that to achieve this, investors need to accept a greater level of risk and volatility in their returns.

To achieve this, the Growth Fund invests in a diversified portfolio which is mainly made up of growth assets such as shares and listed property. A small holding of fixed interest and cash assets are also held in the portfolio, because of the diversification and investment benefits they provide. Investments are diversified geographically, through holding global assets and foreign currency. The Fund may use derivatives to manage risk and for investment purposes.

Growth assets, like shares and listed property, typically make up approximately 80% of the Growth Fund’s portfolio. These assets are expected to outperform cash and fixed interest investments in the medium to longer term. Please note that adverse market conditions may result in some variability of returns – which could even be negative at times.

The benchmark for the Growth Fund is shown in the following table. This is the expected average mix of the Fund over the long term. The actual mix of the Fund will vary (within agreed ranges), depending on factors like market movements, changes in values of the underlying investments, and AMP Capital altering the mix of the Fund based on the outlook for markets. The ranges for the Fund are intentionally wide to facilitate tactical asset allocation.

	Benchmark %	Range %
Cash	5	0 – 15
NZ Fixed Interest	10	0 – 25
Global Fixed Interest	5	0 – 25
Income Assets	20	10 – 30
Australasian Shares	18	0 – 40
Global Shares	50	0 – 80
Global Property Securities	6	0 – 15
Australasian Property Securities	6	0 – 15
Growth Assets	80	70 – 90

The Fund, as at the date of this investment statement, gains exposure to the asset classes referred to in the table above by investing in funds and assets managed by AMP Capital or its affiliates. Kiwibank will invest the cash component entirely in interest-bearing bank accounts and term deposits with one or more New Zealand registered banks, including Kiwibank.

Some of these underlying funds invest in assets outside of New Zealand in currencies other than the New Zealand dollar. As such, returns in New Zealand can be affected by currency movements. See page 35 for information about currency risk.

5

The Kiwibank KiwiSaver Scheme – Self Managed

- What is Self Managed?
- No advice
- Cash Fund
- NZ Fixed Interest Fund
- Global Fixed Interest Fund
- Listed Property Fund
- Australasian Share Fund
- Global Share Fund

What is Self Managed?

Self Managed is great for more experienced investors. It allows you to tailor how your retirement savings are invested to suit your personal situation and investment goals.

With Self Managed, you can design your own investment portfolio by allocating a percentage of your contributions to one or more of six single-sector Funds.

You can choose as many of the six single-sector Funds as you want, in whatever percentages you wish. There is no minimum investment amount for any Fund in Self Managed, as long as the investment amounts add up to 100% of your contributions in the Kiwibank KiwiSaver Scheme.

The Funds available through Self Managed are as follows:

- Cash Fund
- NZ Fixed Interest Fund
- Global Fixed Interest Fund
- Listed Property Fund
- Australasian Share Fund
- Global Share Fund

Further information on the Funds available through Self Managed is set out on pages 18 to 20.

All Funds available through Self Managed were established on 8 June 2010.

We will review how the Funds are invested from time to time, and may make changes without prior notice. Please note that under the Trust Deed we can, after consultation with the Trustee, vary the investment policy for any of the Funds (subject to compliance with relevant law). We will let you know if there are any material changes to the Funds. See "Can the investment be altered?" on page 37 for more information.

Investment risk

With Self Managed, you're responsible for making investment choices to suit your own risk profile, and for managing your own investment portfolio. You may find the risk profile questionnaire on page 12 helpful for determining your risk profile.

Each Fund in Self Managed invests in a single asset class.

One way to help reduce investment risk is by holding a wide range of different assets, or diversifying your savings by investing in more than one Fund. While holding a wide range of assets can help reduce risk, it is only ever possible to partially reduce the risks of market movement as a whole.

Making changes

You'll need to review your Kiwibank KiwiSaver Scheme investment choices on a regular basis, and if your circumstances change. For example, as you get older your risk profile may change and you may decide to change Funds or even Investment Options as a result.

Making changes is easy. You can change from Self Managed to Classic, or you can change your investment mix within Self Managed, via Kiwibank Internet Banking, by calling us or at your local Kiwibank. Our contact details can be found on page 23. See "Can the investment be altered?" on page 37 for more information.

Please note that a switch fee may apply. See "What are the charges?" on page 27 for more information.

Rebalancing

Over time, the percentages you've allocated to each Fund in Self Managed will naturally change, or "drift", as a result of returns on your investment. These percentages may also change if you re-allocate your future contributions without making the same change to your current investment mix. Rebalancing means bringing the percentages allocated to each Fund back into line with your original investment mix.

We won't rebalance your investments – so you'll have to keep an eye on them yourself. You can check up on your investment mix via Kiwibank Internet Banking, by calling us or at your local Kiwibank. Our contact details can be found on page 23.

No advice

Self Managed is for more experienced investors. We recommend that you seek independent professional financial advice if you're unsure. None of Kiwibank's staff, nor any Kiwibank Wealth Adviser, can provide advice in relation to Self Managed.

You're responsible for making investment choices to suit your own risk profile. Kiwibank, the Manager and the Trustee are not responsible for the investment choices you make.

Cash Fund

Investment strategy

The Kiwibank Cash Fund (the “**Cash Fund**”) gives investors a cash option, providing pre-tax returns similar to a bank deposit.

Key features

- The Fund currently invests exclusively in New Zealand dollar denominated deposits with one or more New Zealand registered banks, including Kiwibank.
- The Fund is actively managed by Kiwibank’s Treasury Team.

Investment guidelines

The Cash Fund may invest in interest-bearing bank accounts and term deposits with one or more New Zealand registered banks with a short term credit rating from Standard & Poor’s of A-1 or better.

The Manager may review or change the investment arrangements with Kiwibank at the Manager’s discretion.

Performance objective

The performance objective is to provide a gross return above the return of the ANZ NZ 90 Day Bank Bill Gross Return Index on a rolling 12 month basis.

NZ Fixed Interest Fund

Investment strategy

The Kiwibank New Zealand Fixed Interest Fund (the “**NZ Fixed Interest Fund**”) provides investors with exposure to an actively managed portfolio of quality New Zealand fixed interest investments.

Key features

- Exposure to a diversified portfolio of predominantly investment grade fixed interest securities.
- The portfolio is structured to add value through interest rate, yield curve and credit management.
- Proven investment management expertise via access to the resources of a specialised fixed interest team within AMP Capital.

Investment guidelines

The NZ Fixed Interest Fund invests in a portfolio comprising of New Zealand Government and corporate securities, and may have limited exposure to foreign currency securities issued by New Zealand entities. The NZ Fixed Interest Fund will frequently utilise derivatives to manage risk and for investment purposes.

The Fund may invest directly or via a fund structure, and currently invests in the AMP Capital NZ Fixed Interest Fund. The Manager may review or change the arrangement with AMP Capital at its discretion.

Performance objective

The performance objective is to provide a gross return above the return of the ANZ NZ Government Stock Gross Return Index on a rolling 12 month basis.

Global Fixed Interest Fund

Investment strategy

The Kiwibank Global Fixed Interest Fund (the “**Global Fixed Interest Fund**”) gives investors access to a multi-manager approach to investing in a diversified range of international fixed interest securities targeting a fully hedged position to the New Zealand dollar.

Key features

- Specialist coverage of the three major components of global bond markets – sovereign government bonds, corporate credit and securitised debt.
- Aims to deliver more stable returns by diversifying across investment styles.
- Exposure to a range of high quality fixed interest investment managers, selected by AMP Capital’s specialist multi-manager team.
- Supported by Mercer Investment Consulting’s specialist asset class advice and global investment manager research.

Investment guidelines

The Global Fixed Interest Fund invests in a diversified portfolio of global government securities, government related securities, corporate securities, asset backed securities, and hybrid securities in both developed and emerging markets around the globe. The portfolio will also utilise derivatives to manage risk and for investment purposes.

The Fund may invest directly or via a fund structure and currently invests in the AMP Capital Hedged Global Fixed Interest Fund. The Manager may review or change the arrangement with AMP Capital at its discretion.

Performance objective

The performance objective of the Fund is to provide a gross return above the return of the Barclays Capital Global Aggregate US \$300m Index over a rolling 12 month period, fully hedged to the New Zealand dollar.

Currency management

The Fund’s current currency hedging target is 100% of the Fund’s net asset value. This target may change in the future.

Listed Property Fund

Investment strategy

The Kiwibank Listed Property Fund (the “**Listed Property Fund**”) gives investors access to a diversified portfolio of global property securities and real estate investment trusts listed on the New Zealand, Australian and other global share markets.

Key features

- A genuinely global portfolio of listed property securities listed on stock exchanges in North America, Europe, Asia, Australia and New Zealand.
- Greater diversification by accessing a range of property companies and sectors.
- The portfolio will favour companies which have high-quality assets, sustainable rental flow, and are well positioned for growth.
- Investment specialists on the ground to capitalise on local knowledge and spot the best opportunities in each region.

Investment guidelines

The Listed Property Fund invests in a diversified portfolio of listed New Zealand, Australian and other global property securities and real estate investment trusts listed on global share markets. The Fund may use derivatives to manage risk and for investment purposes.

The Fund may invest directly in securities or via a fund structure and currently invests in the AMP Capital Listed Property Securities Fund and the AMP Capital Global Property Securities Fund.

The Listed Property Fund weightings to each sector will be managed in the ranges shown in the table below.

	Benchmark %	Range %
AMP Capital Listed Property Securities Fund	50	45 – 55
AMP Capital Global Property Securities Fund	50	45 – 55

The Manager may review or change the arrangement with AMP Capital at its discretion.

Performance objective

The performance objective of the Fund is to provide a gross return above the benchmark return.

The Fund’s benchmark is, as at the date of this investment statement, comprised of 50% of the NZX Property Group Sector Index and 50% of the FTSE EPRA/NAREIT Developed Rental Index (fully hedged to New Zealand dollars, net of tax assuming a PIR of 28%) over a rolling three year period.

Currency management

For the AMP Capital Listed Property Securities Fund, AMP Capital has the discretion to hedge against Australian dollar exposure, however any Australian dollar exposure in this underlying fund is typically unhedged.

The benchmark for the AMP Capital Global Property Securities Fund is, as at the date of this investment statement, fully hedged to New Zealand dollars (on a net of tax basis assuming a PIR of 28%).

This policy may change in the future.

Australasian Share Fund

Investment strategy

The Kiwibank Australasian Share Fund (the “**Australasian Share Fund**”) provides investors with exposure to a diversified portfolio of predominantly New Zealand shares.

Key features

- Exposure to an actively managed diversified portfolio of New Zealand and Australian shares.
- The portfolio aims to invest in companies which have sustainable competitive advantage, good growth outlooks, the ability to grow earnings faster than revenue and which can grow without a strong reliance on raising additional capital.
- The flexibility to invest in Australian shares reflects that a number of companies are listed on both countries’ stock exchanges. This flexibility also affords a wider investment universe and allows the portfolio to benefit from insights AMP Capital’s research team derives on Australian shares.

Investment guidelines

The Australasian Share Fund invests in New Zealand and Australian shares. The Fund may use derivatives to manage risk and for investment purposes.

The Fund may invest directly or via a fund structure and currently invests in the AMP Capital NZ Shares Fund. The Manager may review or change the arrangement with AMP Capital at its discretion.

Performance objective

The performance objective of the Fund is to provide a gross return above the return of the NZX 50 Gross Index over a rolling three year period.

Currency management

AMP Capital has the discretion to hedge against the Australian dollar exposure but typically the Fund's currency exposure is unhedged.

Global Share Fund

Investment strategy

The Kiwibank Global Share Fund (the "Global Share Fund") provides investors with exposure to international shares, actively managed using a multi-manager approach, which uses a blend of managers to provide access to leading global specialists.

Key features

- A combination of growth, value and core managers have been selected by AMP Capital so that the overall portfolio is not unduly affected or influenced by one investment style.
- A portfolio structured to deliver an efficient conversion of active risk to return, using concentrated portfolios.
- Supported by Mercer Investment Consulting's specialist asset class advice and global investment manager research.

Investment guidelines

The Global Share Fund invests in a portfolio of securities listed in a range of countries including (but not limited to) the USA, UK, Europe, Japan, and emerging markets. The Fund may use derivatives to manage risk and for investment purposes.

The Fund may invest directly in securities or via a fund structure and currently invests in the AMP Capital Core Global Shares Fund and the AMP Capital Core Hedged Global Shares Fund.

The Global Share Fund weightings to each sector will be managed in the ranges shown in the table below.

	Benchmark %	Range %
AMP Capital Core Global Shares Fund	50	45 – 55
AMP Capital Core Hedged Global Shares Fund	50	45 – 55

The Manager may review or change the arrangement with AMP Capital at its discretion.

Performance objective

The performance objective of the Fund is to provide a gross return above the return of the Morgan Stanley Capital International (MSCI) World Accumulation Index 50% hedged to New Zealand dollars on a net after tax basis (assuming a PIR of 28%) on a rolling 12 month basis.

Currency management

The benchmark for the AMP Capital Core Hedged Global Shares Fund is, as at the date of this investment statement, fully hedged to New Zealand dollars (on a net of tax basis assuming a PIR of 28%).

The AMP Capital Core Global Shares Fund is unhedged. This policy may change in the future.



Answers to important questions

- 1 What sort of investment is this?
- 2 Who is involved in providing it for me?
- 3 How much do I pay?
- 4 What are the charges?
- 5 What returns will I get?
- 6 What are my risks?
- 7 Can the investment be altered?
- 8 How do I cash in my investment?
- 9 Who do I contact with inquiries about my investment?
- 10 Is there anyone to whom I can complain if I have problems with the investment?
- 11 What other information can I obtain about this investment?

1 What sort of investment is this?

This investment statement offers membership in the Kiwibank KiwiSaver Scheme. The Kiwibank KiwiSaver Scheme is a registered KiwiSaver scheme under the KiwiSaver Act.

The Scheme is designed to help members save for their retirement. The amount you receive when a benefit is payable is determined by the contributions made to the Scheme, the investment returns of the Fund(s) you have invested in, whether you've made any early withdrawals, and the fees, tax and charges deducted from your investment.

As with all KiwiSaver schemes, access to your savings is generally restricted until the later of the date on which you qualify for New Zealand superannuation (currently 65) or the date on which you've been a member of a KiwiSaver scheme and/or Complying Superannuation Fund for five years.

Who can enrol in the Kiwibank KiwiSaver Scheme?

You can enrol in the Kiwibank KiwiSaver Scheme either directly or indirectly through your employer if you're:

- aged below the standard qualifying age for New Zealand superannuation (currently 65); and
- living or normally living in New Zealand; and
- a New Zealand citizen (or entitled to permanent residence in New Zealand);

or if we agree, you may enrol by signing up directly with us.

You may also be eligible to enrol in the Kiwibank KiwiSaver Scheme if you're an employee of the State Services serving outside New Zealand, employed on New Zealand terms and conditions and in a jurisdiction where offers of membership in the Scheme are lawful.

You can only be a member of one KiwiSaver scheme at a time. Transferring to the Scheme is easy - see page 9 for further information.

Investment Funds

The Kiwibank KiwiSaver Scheme allows investors to pool their savings into a selection of Funds. Contributions are accepted from a number of members and then collectively invested.

The Scheme offers the choice of two different Investment Options: Classic and Self Managed. Further information on these Investment Options can be found on pages 11 and 17.

If we haven't received your investment instructions, or if your investment instructions are unclear, we'll automatically invest your contributions in the Conservative Fund in Classic until you tell us otherwise.

Your interest in the Kiwibank KiwiSaver Scheme

Your interest in the Kiwibank KiwiSaver Scheme is measured in "units" in the Fund(s) in which you invest. Your contributions to the Scheme buy a number of units at what is known as a "unit price". As the investments made by the Fund(s) in which you invest rise or fall in value, so does the value of each individual unit and the unit price.

The unit price for a Fund is determined by adding the market value of its investments on each business day to any income, accrued or payable, and deducting all liabilities (excluding tax). The amount is then divided by the number of units in the Fund to obtain a unit price. The value of units fluctuates according to the changing values of the assets in which each Fund has invested, and the liabilities of the Fund.

Qualifying Recognised Overseas Pension Scheme

The Kiwibank KiwiSaver Scheme is, as at the date of this investment statement, registered as a QROPS (reference QROPS 503287). QROPS are approved by Her Majesty's Revenue and Customs in the UK, and are able to accept transfers of funds from UK pension schemes on behalf of individuals.

If you'd like to make an investment in the Scheme by way of a UK transfer, please contact us.

If you do transfer your retirement savings to the Kiwibank KiwiSaver Scheme, your savings will be governed by the terms and conditions of the Kiwibank KiwiSaver Scheme (as described in this investment statement), and the terms and conditions of your UK pension scheme will no longer apply.

Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?". Further information on QROPS transfers can be found on page 26.

Trans-Tasman Portability

As at the date of this investment statement, legislation has been enacted in New Zealand to permit, in certain circumstances, the transfer of savings between a KiwiSaver scheme and an Australian complying superannuation fund regulated by the Australian Prudential Regulation Authority. Although that legislation has been enacted, at the date of this investment statement that legislation has not come into force. The legislation is expected to come into

force within two months after New Zealand and Australia have exchanged notes informing each other that the necessary legislation (in New Zealand and Australia) has been enacted.

Once the legislation is enacted, if you'd like to make an investment in the Scheme under the Trans-Tasman Portability regime, please contact us.

If you do transfer your retirement savings to the Kiwibank KiwiSaver Scheme, your savings will be governed by the terms and conditions of the Kiwibank KiwiSaver Scheme (as described in this investment statement), and the terms and conditions of your Australian complying superannuation fund will no longer apply.

Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?".

Transfers from other New Zealand registered superannuation schemes

In certain circumstances, it may be possible to transfer retirement savings held in other New Zealand registered superannuation schemes to the Kiwibank KiwiSaver Scheme. If you do transfer your retirement savings to the Kiwibank KiwiSaver Scheme, your savings will be governed by the terms and conditions of the Scheme (as described in this investment statement), and the terms and conditions of your previous scheme will no longer apply.

Kiwibank's General Terms and Conditions

Kiwibank provides services to members, such as internet banking. Accordingly, you should also refer to, and if you enrol in the Kiwibank KiwiSaver Scheme are bound by, Kiwibank's General Terms and Conditions for personal banking (if you're a personal banking customer) or otherwise Kiwibank's General Terms and Conditions for business banking. These terms (as applicable) govern your use of these services.

2 Who is involved in providing it for me?

The name of the scheme is the Kiwibank KiwiSaver Scheme ("the Scheme").

The Kiwibank KiwiSaver Scheme is governed by a trust deed dated 10 February 2010 and any establishment deed entered into pursuant to that deed, as amended from time to time, and was established and registered under the KiwiSaver Act on 3 May 2010.

Manager

The administration and investment manager of the Kiwibank KiwiSaver Scheme is Kiwibank Investment

Management Limited. As at the date of this investment statement, the Manager's address is:

Kiwibank Investment Management Limited
Level 1, New Zealand Post House
7 Waterloo Quay
Wellington 6011

Postal address:
Kiwibank Investment Management Limited
Private Bag 39888
Wellington Mail Centre
Lower Hutt 5045

Telephone: 0800 11 33 55
From overseas: +64 4 473 11 33
Fax: (04) 462 7996
Email: service@kiwibank.co.nz

The Manager and each of its directors are also promoters of the Kiwibank KiwiSaver Scheme. The directors of the Manager, as at the date of this investment statement, are:

Paul Robert Brock, Wellington
Gordon William Davidson, Wellington

The directors of the Manager can be contacted at the Manager's address. The directors and address of the Manager may change from time to time without prior notice to members. The current directors, and address, of the Manager can be found on the Companies Office website at www.business.govt.nz/companies.

The Manager has delegated the management of the Funds (with the exception of the Cash Fund) to AMP Capital. The Manager has also engaged AMP Capital to provide advice to it in relation to the strategic asset allocation and tactical asset allocation of the Funds (with the exception of the Cash Fund). The management of the Cash Fund has been delegated by the Manager to Kiwibank.

Trustee

The Trustee of the Kiwibank KiwiSaver Scheme is Trustees Executors Superannuation Limited. As at the date of this investment statement the Trustee's address is:

Trustees Executors Superannuation Limited
Level 5, 10 Customhouse Quay
Wellington 6011

The Trustee's address may change from time to time without prior notice to members. The Trustee's current address can be found on the Companies Office website at www.business.govt.nz/companies.

The Trustee is responsible for the management and administration of the Scheme and the payment of benefits. Under the Trust Deed, the Trustee delegates performance of certain administrative and investment functions to the Manager.

As at the date of this investment statement the Trustee holds a licence under the Securities Trustees and Statutory Supervisors Act 2011. The Financial Markets Authority has the power to remove the Trustee's licence, which will prevent the Trustee from acting as trustee in respect of the Fund.

Custodian

T.E.A. Custodians Limited (a related company of the Trustee) is custodian of the assets of the Kiwibank KiwiSaver Scheme.

Promoters

Kiwibank and each of its directors are promoters of the Kiwibank KiwiSaver Scheme. As at the date of this investment statement Kiwibank's address is:

Kiwibank Limited
Level 1, New Zealand Post House
7 Waterloo Quay
Wellington 6011

The directors of Kiwibank, as at the date of this investment statement, are:

Robert William Bentley Morrison, Wellington
Michael John Cullen, Ohope
Alison Rosemary Gerry, Queenstown
Murray Ian David Gribben, Wellington
Brian Joseph Roche, Wellington
(or Mark David Yeoman, Wellington, as alternate)
David Stephen Willis, Sydney

The directors of Kiwibank can be contacted at Kiwibank's address. The directors of Kiwibank and Kiwibank's address may change from time to time without prior notice to members. The current directors, and address, of Kiwibank can be found on the Companies Office website at www.business.govt.nz/companies.

Disclaimer

Units in the Kiwibank KiwiSaver Scheme do not represent deposits or other liabilities of Kiwibank.

None of the Manager, Kiwibank, or any other member of the New Zealand Post Group, the Trustee, the Trustee's nominee companies, nor any of their directors, officers or agents, nor any other person guarantees the payment of any money payable by the Scheme, the performance of any of the Funds or any particular rate of return.

There is no Crown guarantee in respect of any KiwiSaver scheme or investment product of a KiwiSaver scheme.

Responsible investment

Responsible investment, including environmental, social, and governance considerations, is not currently taken into account in the investment policies and procedures of the Kiwibank KiwiSaver Scheme.

A copy of our Statement of Investment Policy, Objectives and Guidelines for the Scheme is available from the Manager on request.

3 How much do I pay?

Employee contributions

If you're employed, you can currently choose to contribute 2%, 4% or 8% of your before-tax Salary or Wages. You must contribute at least at the 2% rate. The Government may change the contribution rates from time to time. Your employer will deduct your contributions from your after-tax Salary or Wages and pay them to Inland Revenue.

The default contribution rate of 2% of your before-tax Salary or Wages will apply if you don't choose a contribution rate, you're automatically enrolled, you opt into a KiwiSaver scheme through your employer, or Inland Revenue notifies your employer to deduct contributions from your pay.

You can change your contribution rate between 2%, 4% and 8% of your before-tax Salary or Wages, or take a "contributions holiday". See "Can the investment be altered?" on page 37 for more information.

Salary or Wages are as defined in the KiwiSaver Act, and include most employment-related income that's subject to the PAYE tax regime, for example total salary, bonuses, gratuities, overtime or commission. Salary or Wages exclude amounts such as redundancy payments, accommodation benefits and expenditure or allowances or other costs of living overseas.

As discussed above, the Government has introduced legislation to increase both the minimum employee contribution rate and the default employee contribution rate from 2% to 3%. Assuming the legislation is passed post election, it is proposed to take effect for pay periods starting on or after 1 April 2013. This legislation has yet to be passed as at the date of this investment statement.

Employer contributions

Your employer will be required to make fully vested (i.e. unconditionally allocated to you) contributions to a KiwiSaver scheme for your benefit, while you are contributing from your before-tax Salary or Wages, if:

- you're aged at least 18; and
- you haven't reached your Qualifying Date (see "What returns will I get?" on page 28 for more information).

If you're eligible for compulsory employer contributions, your employer is currently required to contribute 2% of your before-tax Salary or Wages. For the purposes of employer contributions, Salary or Wages excludes ACC compensation and statutory parental leave payments.

As discussed above, the Government has introduced legislation to increase the compulsory employer contribution rate from 2% to 3%. Assuming the legislation is passed post election, it is proposed to take effect for pay periods starting on or after 1 April 2013. This legislation has yet to be passed as at the date of this investment statement.

The amount of employer contributions will be reduced by any amount that your employer is required to contribute to a Complying Superannuation Fund or, if the "double dipping" provisions of the KiwiSaver Act apply, to another registered superannuation scheme, for your benefit. Your employer will be able to tell you if these reductions apply to you.

Inland Revenue holding account

If the Kiwibank KiwiSaver Scheme is the first KiwiSaver scheme you enrol in, then your first three months' worth of contributions will not generally be passed on to the Scheme until after the end of that three month period. During that period:

- your contributions will be held by Inland Revenue in a tax-free interest-bearing holding account; and
- you can obtain information on your contributions direct from the Inland Revenue.

Non-employees

If you're self-employed or under 65 and not working, you can enrol in the Scheme:

- via Kiwibank Internet Banking (if you're already a Kiwibank customer);
- at your local Kiwibank; or
- by completing the Enrolment Form at the back of this investment statement and dropping it into your local Kiwibank or sending it to us. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?".

Please remember to include a copy of your identification information and your IRD Number.

You can contribute to the Scheme by:

- direct debit on a weekly or fortnightly basis (on a Thursday) or on a monthly basis (on the last business day of the month). You can set up a direct debit by completing the direct debit form at the back of this investment statement. You can drop the form into your local Kiwibank, or send it to us. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?";
- bill payment. You can set up a bill payment with your bank or, if you're a Kiwibank customer, via Kiwibank Internet Banking;

- personal cheque, payable to Trustees Executors Superannuation Limited on a/c of Kiwibank KiwiSaver Scheme. You can drop your cheque into your local Kiwibank, or send it to us. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?";
- cash deposit, payable at your local Kiwibank; or
- transfer via Kiwibank Internet Banking.

You can make lump sum or regular contributions, and change your regular contribution amount. Regular and lump sum contributions must be at least \$20. The Trustee may alter this minimum amount at any time.

In normal circumstances, once we have received your contributions, we will apply these to your Kiwibank KiwiSaver Scheme account within 2 business days.

If you're under 16 or you're enrolling a child in the Kiwibank KiwiSaver Scheme, please note that the applicant will need his or her own IRD Number and that the Enrolment Form at the back of this investment statement needs to be signed by all of the applicant's guardians. If you are aged 16 or 17 or you're enrolling a child aged 16 or 17, the IRD Number of the applicant must be supplied and the Enrolment Form will need to be signed by the applicant and one guardian (where applicable). We may require evidence that the right person(s) have signed the Enrolment Form before we accept the application.

Government kick-start

To get your savings off to a good start, the Government will kick-start your account with a tax-free contribution – currently \$1,000. All new KiwiSaver scheme members qualify for the Government kick-start when they first enrol.

The Government kick-start will be paid into your member account about three months after Inland Revenue receives:

- your first contribution; or
- notification of your membership.

The Government kick-start will be applied to purchase units in the Fund(s) you've chosen (or the Fund to which you have been allocated).

Member Tax Credits

To help you save, if you're eligible, the Government will contribute \$0.50 for every \$1 of contributions you make to a KiwiSaver scheme to a maximum of \$521.43 each year. This works out to about \$10 a week – and it's tax free. These contributions are based on your period of membership in a KiwiSaver scheme starting from your Enrolment Date and will be paid on a reduced basis for any period of membership that's less than 12 months. This is called a Member Tax Credit.

You're eligible for a Member Tax Credit from age 18, until you're eligible to make a withdrawal from the Kiwibank KiwiSaver Scheme, if your principal place of residence is in New Zealand.

You may also qualify if your principal place of residence isn't in New Zealand if you're working overseas as a Government employee, volunteer (or for token payment) or for a specified charitable organisation. If your principal place of residence isn't New Zealand, you'll be required to give us written evidence of why and for what period you're overseas so we can work out whether you qualify for a Member Tax Credit.

You're required to tell us if at any point your principal place of residence ceases to be New Zealand, or you otherwise cease to qualify for a Member Tax Credit.

We'll claim a Member Tax Credit on your behalf after 1 July each year. You don't have to do anything. Your Member Tax Credit will be applied to purchase units in the Fund(s) you've chosen (or the Fund to which you have been allocated).

If you belong to a KiwiSaver scheme and another Complying Superannuation Fund, your Member Tax Credit entitlement will be paid to the scheme that applies first. Any remaining Member Tax Credit entitlement will be paid to the other scheme when it applies.

Voluntary contributions

You can choose to make additional voluntary contributions to the Scheme on a regular or lump sum basis.

Additional regular contributions must be at least \$20 and can be made to the Scheme by:

- direct debit on a weekly or fortnightly basis (on a Thursday) or on a monthly basis (on the last business day of the month). You can set up a direct debit by completing the direct debit form at the back of this investment statement. You can drop the form into your local Kiwibank, or send it to us. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?";
- bill payment. You can set up a bill payment with your bank or, if you're a Kiwibank customer, via Kiwibank Internet Banking;
- personal cheque, payable to Trustees Executors Superannuation Limited on a/c of Kiwibank KiwiSaver Scheme. You can drop your cheque into your local Kiwibank, or send it to us. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?";

- cash deposit, payable at your local Kiwibank; or
- transfer via Kiwibank Internet Banking.

Additional lump sum contributions must be at least \$20 and can be made to the Scheme in the same way as additional regular contributions.

If you're employed, you can also make additional regular and lump sum contributions of \$20 or more to Inland Revenue at any of their offices or by way of an internet banking payment.

Uncleared funds and failure to make contributions

If any payment made by you or on your behalf is dishonoured or reversed, or you don't make contributions at an available contribution rate or voluntary contributions of more than any minimum amount we require, we may not issue a unit in respect of that payment, or may cancel any unit issued or amount credited to your account in reliance on that payment.

Minimum investment amount

There's no minimum investment amount for any Fund within the Kiwibank KiwiSaver Scheme, and no minimum amount that applies to transfers between Investment Options.

Members that choose Classic must only invest in one Fund within that Investment Option.

Members that choose Self Managed may choose to invest in some or all of the Funds available within that Investment Option. There is no minimum investment amount for any Fund in Self Managed, as long as the investment amounts add up to 100% of your contributions in the Scheme.

Subject to the Manager's discretion, if you have reached your Qualifying Date, you must maintain a minimum balance of \$1,000 or make a full withdrawal from the Scheme.

Transfers from UK pension schemes

If you've moved from the UK back to New Zealand permanently, you may want to bring your retirement savings across as well so they're all in one place.

The Kiwibank KiwiSaver Scheme is, as at the date of this investment statement, registered as a QROPS (reference QROPS 503287). QROPS are approved by Her Majesty's Revenue and Customs in the UK. This means that the Scheme may accept funds transferred from a UK registered pension scheme or from any other UK savings scheme where the funds have UK tax relieved status.

We may impose conditions on the funds transferred, and may require further information from you which may need to be disclosed to Her Majesty's Revenue and Customs in the UK or to other authorities.

If you do transfer your retirement savings to the Kiwibank KiwiSaver Scheme, your savings will be governed by the terms and conditions of the Kiwibank KiwiSaver Scheme (as described in this investment statement), and the terms and conditions of your UK pension scheme will no longer apply.

We can't promise that the Scheme will retain QROPS status at all times. If QROPS status is lost, your UK tax implications may change in relation to transfers into

the Scheme, and none of the Trustee, the Manager or any of their related parties will be responsible for any tax consequences arising.

Before making a decision to transfer your investment from a UK pension or savings scheme, we recommend that you consult a professional tax adviser as well as your UK pension or scheme provider.

If you'd like to make an investment in the Scheme by way of a UK transfer, please contact us to confirm our QROPS status. Our contact details for QROPS enquiries are set out on page 23 under the heading "Who is involved in providing it for me?".

4 What are the charges?

Detailed below are the key fees that are payable in relation to the Kiwibank KiwiSaver Scheme.*

Type of fee or expense	Amount	How and when paid
Classic Management fee:		
Cash Fund	0.45% p.a.	This fee is calculated as a percentage of the gross asset value of each Fund on each valuation day and is reflected in that Fund's unit price. See note 1 below.
Conservative Fund	0.85% p.a.	
Balanced Fund	1.00% p.a.	
Growth Fund	1.20% p.a.	
Self Managed Management fee:		
Cash Fund	0.45% p.a.	This fee is calculated as a percentage of the gross asset value of each Fund on each valuation day and is reflected in that Fund's unit price. See note 1 below.
NZ Fixed Interest Fund	0.85% p.a.	
Global Fixed Interest Fund	1.00% p.a.	
Listed Property Fund	1.20% p.a.	
Australasian Share Fund	1.20% p.a.	
Global Share Fund	1.20% p.a.	
Administration fee	\$1.00 per member per month.	This fee is deducted from your member account in arrears on the last business day of each month. See note 2 over the page.
Switch fee	The fee to change Funds, change Investment Options or move money	The first two changes you make in any 12 month period commencing on your Enrolment Date or the anniversary of your Enrolment Date are free. A switch fee of \$25.00 will be charged for the third and each subsequent change you make in any such period.

* The Trustee and Manager may increase or impose new fees on giving three months' prior written notice to members and in accordance with the Trust Deed.

Important notes

1. Management fees

The management fee for each Fund is calculated as a percentage of the gross asset value of that Fund on each valuation day and is reflected in that Fund's unit price. The management fee is paid to the Manager monthly in arrears.

The Manager will pay the following fees, costs and expenses out of the management fee for each Fund:

- that Fund's proportionate share of the Trustee's fee (a tiered fee capped at 0.06% per annum plus GST or any other applicable tax or duty (if any) of the Gross Asset Value of the Kiwibank KiwiSaver Scheme calculated on each Valuation Day);

- fees, costs and expenses incurred in connection with the management and operation of the Fund (including an allowance for GST), such as audit fees and distribution costs;
- management fees payable to the investment manager engaged by the Manager in respect of that Fund (currently Kiwibank or AMP Capital); and
- that Fund's proportionate share of the fees, costs and expenses incurred by the investment manager engaged by the Manager in respect of that Fund (currently Kiwibank or AMP Capital) in connection with the ordinary operation and administration of the underlying funds into which that Fund directly invests.

The management fee for each Fund doesn't include:

- direct or indirect costs of buying, selling or investing in assets – for example, transaction costs such as brokerage, which are incurred when assets are bought and sold; entry and exit fees charged by underlying funds into which a Fund invests; and charges for listed investments. These costs are directly or indirectly payable by the Funds, as you would pay if you were buying or selling the assets yourself;
- extraordinary fees and expenses – for example fees and expenses associated with any member meetings or significant regulatory change. There is no limit on these fees and expenses. Members can ascertain the amount of any such additional fees and expenses in the financial statements for the Kiwibank KiwiSaver Scheme for the relevant year in which they are incurred; or
- any performance fees charged by the underlying fund(s) into which the Fund directly or indirectly invests.

These costs are directly or indirectly payable by the Funds.

2. Administration fee

An administration fee of \$1.00 per member per calendar month is deducted from your member account in arrears on the last business day of each month and paid to the Manager for the administration of your accounts in the Kiwibank KiwiSaver Scheme. You won't be charged an administration fee if your account has a zero balance.

3. Switch fee

We understand that you may want to make changes from time to time – that's why the first two qualifying changes you make in any 12 month period commencing on your Enrolment Date or the anniversary of your Enrolment Date, as applicable, are free. A switch fee of \$25.00 will be charged for the third and each subsequent qualifying change you make in any such period.

You make a qualifying change when you change Investment Options, change Funds, or, if you've chosen Self Managed, if you move money between Funds or change the allocation of contributions you've already made.

If you've chosen Self Managed, please note that:

- you won't get charged a switch fee if you change the allocation of your **future** contributions (i.e. you don't move your existing savings between Funds);
- you will be charged a maximum of one switch fee per business day, regardless of how many qualifying changes you make on that business day.

For further information on making changes, see "Can the investment be altered?" on page 37.

Entry and exit fees

As at the date of this investment statement there are no entry or exit fees charged for buying or selling units in the Scheme.

GST

All fees are stated on a GST exclusive basis. Under current law some fees are wholly or partially exempt from GST. If GST is payable on any of the fees, then the GST component would be payable in addition to the fee stated.

Changes to fees

The Trustee and Manager may increase or impose new fees on giving three months' prior written notice to members and in accordance with the Trust Deed.

There is no limit on the amount to which a fee can be changed. However, under the KiwiSaver Act, all fees and expenses charged to you must be "reasonable". You can apply to the Court for an order that an unreasonable fee be annulled or reduced.

Any such application must be made within one year of the day that the fee is imposed or debited.

5 What returns will I get?

Nature of returns

Your return from the Scheme will be in the form of a lump sum or lump sums, obtained by redeeming units either when, or after, you reach your Qualifying Date or when you make any earlier withdrawals permitted under the KiwiSaver Act. Withdrawals are not otherwise permitted.

If you choose to opt in to the Kiwibank KiwiSaver Scheme, you won't be able to opt out (the opt-out facility only applies to those automatically enrolled in a KiwiSaver scheme). If you're contributing from your Salary or

Wages, you may be able to take a contributions holiday (see "Contributions holiday" on page 37 for further information) and make permitted withdrawals.

Key factors that determine returns

The key factor that determines returns is the investment performance of the Fund(s) in which you invest, which is in turn determined by the performance of the investment markets.

Fund managers cannot control or guarantee the performance of investment markets, and investors should be aware that fluctuations in market supply and demand will be reflected in the changing market values of assets held in the Funds. This means that the unit price for each Fund may rise or fall and the performance may vary. See "Unit prices" below for more information.

Other key factors that determine your returns are:

- the amount contributed to the Scheme by you or on your behalf;
- fees, charges and expenses payable;
- taxes paid in respect of your investment, the funds and any benefits; and
- the basis and frequency on which you make withdrawals from the Scheme.

The Trustee is legally liable to pay members' benefits and any returns payable from the Scheme. No income is distributed from the Scheme.

No particular amount of returns, quantifiable as at the date of this investment statement and enforceable by the Scheme members, is promised.

No duties apply to your investment in the Scheme. Although no reserves or retentions apply to your investment in the Scheme as at the date of this investment statement, they may apply in the future in accordance with the Trust Deed.

Unit prices

Each Fund holds assets (e.g. shares in companies, cash or fixed interest securities) both directly and indirectly. We divide the value of each Fund into equal parcels, called units. The contributions you make, and other amounts paid to the Kiwibank KiwiSaver Scheme for your benefit, buy units in the relevant Fund(s). Each unit has a price that reflects the value of the relevant Fund's assets (which are regularly revalued). Currency movements may also affect the value of the assets of some Funds.

Unit prices are declared each business day, based on the unit prices and values issued by the relevant underlying fund managers.

Your return will be affected by the difference between the unit price at which you bought the unit and the unit price at which you sell it when you make a change or withdrawal.

Unit prices are available via Kiwibank Internet Banking or by calling us. Our contact details can be found on page 23. Please note that the unit prices available via Kiwibank Internet Banking may be the unit price for the previous valuation day.

We have processes in place to check the accuracy of unit prices.

We may make adjustments to unit prices in accordance with current commercial practice or accounting standards or regulatory guidelines. Declared unit prices (including any resulting from such adjustments) are final.

Retirement benefit

Unless you satisfy the early withdrawal criteria, you may not make a withdrawal from the Kiwibank KiwiSaver Scheme until the later of:

- the date you become eligible to receive New Zealand superannuation (currently 65); or
- the date on which you have been a member of any KiwiSaver scheme (and/or Complying Superannuation Fund) for five years.

After that date, you can withdraw all or part of your entitlement at any time.

Partial lump sum withdrawals must be for \$500 or more, and your remaining Kiwibank KiwiSaver Scheme balance must not be less than \$1,000. If your remaining balance falls below \$1,000, you'll need to make a full withdrawal.

You may also choose to make regular withdrawals after your Qualifying Date to supplement your income in retirement. Regular withdrawals must be for \$50 or more and can be made fortnightly (or at such other frequency as we may agree). Please note that if your Kiwibank KiwiSaver Scheme balance falls below \$1,000, you'll need to make a full withdrawal.

We can change these amounts and introduce other withdrawal requirements from time to time. You will be notified of any changes.

Early withdrawals

This section sets out some circumstances in which you can apply to withdraw your entitlement early.

Please note that in some cases, for example an early withdrawal on the grounds of significant financial hardship, you can't withdraw your Government kick-start or your Member Tax Credit.

First home withdrawal

You may make a one-off withdrawal from a KiwiSaver scheme to purchase your first home if:

- it has been at least three years from the date the Commissioner of IRD received your first contribution to a KiwiSaver scheme or you became a member of a KiwiSaver scheme. For the Kiwibank KiwiSaver Scheme we will review applications for members where at least three years has passed since their Enrolment Date;
- the land is, or is intended to be, your principal place of residence; and
- you have never held an estate in land (there are some detailed rules regarding when a person holds an estate in land).

If you meet the requirements, you can withdraw some or all of your entitlement (excluding the Government kick-start and Member Tax Credit).

If your application is accepted and you make a first home withdrawal, you will remain a member of the Kiwibank KiwiSaver Scheme and you must continue making the required contributions.

First home subsidy

Under current Government policy, you may apply for a one-off first home subsidy if:

- you're 18 years or over;
- you have belonged and contributed the minimum percentage of your income to a KiwiSaver scheme, Complying Superannuation Fund or exempt employer scheme for at least three years; and
- you're buying your first home and you're going to live in the house for at least six months.

The subsidy will entitle members who qualify, based on household income and regional house price caps, to a one-off contribution of \$1,000 for each year of contributions to a KiwiSaver scheme, Complying Superannuation Fund or exempt employer scheme up to a maximum of \$5,000 per member.

To find out more, visit the Housing New Zealand website at www.hnzc.govt.nz or call them on 0800 801 601 or +64 4 439 3000 (Wellington office).

'Second chance' home buyers

If you've owned a home before, but no longer have a share in a property, you may also be eligible for a first home withdrawal and first home subsidy, as long as you:

- have not received either the first home withdrawal or the first home subsidy before; and
- are in a similar position to first home buyers in terms of assets, income and liabilities.

If you've previously owned a home, you will need to contact Housing New Zealand for a determination of whether you're in a similar position to first home buyers.

To find out more, visit the Housing New Zealand website at www.hnzc.govt.nz or call them on 0800 801 601 or +64 4 439 3000 (Wellington office).

Significant financial hardship

You may apply to the Trustee to make a significant financial hardship withdrawal.

Significant financial hardship includes significant financial difficulties that arise because of:

- your inability to meet minimum living expenses;
- your inability to meet mortgage repayments on your principal family residence resulting in the mortgagee seeking to enforce the mortgage;
- the cost of modifying a residence to meet special needs arising from your own or a dependant's disability;
- the cost of medical treatment for your own or a dependant's illness or injury;
- the cost of palliative care for you or a dependant; or
- the cost of a funeral for a dependant.

If your application is accepted, you can withdraw a lump sum up to the value of your entitlement, excluding the Government kick-start and Member Tax Credit. The amount withdrawn may be limited to the amount that, in the Trustee's opinion, is required to alleviate hardship.

You'll need to complete a withdrawal request and a statutory declaration of your assets and liabilities if you wish to apply for a significant financial hardship withdrawal. We will require evidence that you are suffering or likely to suffer significant financial hardship as defined under the KiwiSaver Act to support your withdrawal request.

If your application is accepted and you make a significant financial hardship withdrawal, you will remain a member of the Kiwibank KiwiSaver Scheme and you may continue making contributions.

Serious illness

You may apply to the Trustee to make a serious illness withdrawal. If your application is accepted, you can withdraw some or all of your entitlement.

Serious illness means an injury, illness or disability:

- that results in you being totally and permanently unable to engage in work for which you are suited by reason of experience, education or training, or any combination of those things; or
- that poses a serious and imminent risk of death.

You'll need to complete a withdrawal request if you wish to apply for a serious illness withdrawal. We will require evidence (such as medical evidence) that you are suffering from a serious illness as defined under the KiwiSaver Act to support your withdrawal request.

Death

If you die while still a member of the Scheme, your full entitlement will be payable, on request, to the executors or administrators of your estate.

Alternatively, if your full entitlement is less than the prescribed amount (currently \$15,000) and certain other conditions are met, the Trustee may pay your entitlement direct to (for example) a surviving partner or caregiver. Contact us for further information. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?".

Permanent emigration

You can apply to make a withdrawal on the grounds of permanent emigration one year after your permanent emigration from New Zealand. If your application is accepted, you can withdraw a lump sum up to the value of your entitlement, excluding your Member Tax Credit.

Alternatively, if you permanently emigrate from New Zealand, you may immediately apply for the transfer of your entitlement (excluding your Member Tax Credit) to any overseas superannuation scheme authorised by the KiwiSaver Regulations. As at the date of this investment statement, no such regulations have been made.

If you make a permanent emigration withdrawal or transfer, your Member Tax Credit will be repaid to the Inland Revenue and you will cease to be a KiwiSaver scheme member.

Although legislation in relation to the Trans-Tasman Portability regime has not come into force as at the date of this investment statement, once that legislation does come into force, if you permanently emigrate to Australia then you will be prohibited from withdrawing the full value of your entitlement on the basis of permanent emigration, but you will be able to transfer your entire entitlement (including your Member Tax Credit) to an Australian complying superannuation scheme.

A completed statutory declaration and other documentary evidence will be required to effect a withdrawal on the grounds of permanent emigration.

Transfer to another KiwiSaver scheme

You can apply at any time to have your membership and full entitlement transferred to another KiwiSaver scheme. You must transfer your full entitlement, as you can only be a member of one KiwiSaver scheme at a time.

If you wish to transfer and another KiwiSaver scheme accepts you as a member, the Trustee will transfer your membership and your full entitlement to that KiwiSaver scheme.

You may at any time be required to transfer to another KiwiSaver scheme in certain circumstances, for example if the Scheme is wound up. In these circumstances, you would be given an opportunity to choose another KiwiSaver scheme. If you do not choose another KiwiSaver scheme you will be transferred to your employer's chosen KiwiSaver scheme (if any) or a default KiwiSaver scheme.

There may be tax consequences of transferring to another KiwiSaver scheme – refer to the Tax summary on pages 32-34.

Other circumstances of withdrawal

The Trustee must comply with the provisions of any legislation or a Court order (such as a property sharing order under the Property (Relationships) Act 1976) that requires it to release some or all of your entitlement.

General

When a withdrawal is paid from the Scheme, the amount you receive will reflect the value of your units at the time, less fees, taxes, expenses and other authorised deductions from your accounts.

Contributions which qualified for a Member Tax Credit when paid to the Scheme will continue to qualify even if, before the tax credit for the relevant scheme year is paid to the Scheme, those amounts have been included in a permitted withdrawal.

How to request a withdrawal

You can request a withdrawal by completing the relevant withdrawal form and dropping it into your local Kiwibank, or sending it to us.

Please contact us if you'd like us to send a withdrawal form to you, or you can download the form from our website www.kiwibank.co.nz. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?".

Please note that it may take the Trustee some time to consider an early withdrawal request. You must provide satisfactory evidence to support your application for an early withdrawal.

Please note that you can't withdraw your Member Tax Credit:

- before you (or your personal representative where necessary) give us a statutory declaration stating the periods for which you have had your principal place of residence in New Zealand; or

- if we have notice that your claim for a Member Tax Credit is wrong because the periods during which you met that residence requirement are wrongly advised.

Payment

If you request a withdrawal after your Qualifying Date, you will normally receive the amount requested within ten business days after we receive your withdrawal request.

If your request for an early withdrawal is approved, you will normally receive the amount requested within ten business days after approval.

If your request is for a full withdrawal and you're owed a tax rebate on the redeemed units, the rebate will be paid to you when you withdraw.

Subject to the requirements of the KiwiSaver Act, if we decide at any time that to allow a withdrawal from the Scheme would be imprudent, or is impracticable due to the occurrence or existence of any circumstance or event relating to the Scheme or a Fund or generally, then we may delay paying returns from the Scheme. Such delays may occur, for example, following the end of an income tax period, while we finalise our tax calculations for the Scheme. Please also see "Liquidity risk" on page 35 for more information.

The value of your investments will generally be determined by reference to the unit price applying on the business day when your units are redeemed to satisfy your withdrawal request. This will generally be the day on which your withdrawal request is approved. Please note that the unit price may go up or down between the date on which you submit your withdrawal request, the date on which it is approved, and the date on which the relevant units are actually redeemed.

Not all units required to satisfy your withdrawal request may be redeemed on the same day. Proceeds of any redemption may be held in an interest bearing suspense account in the name of the Trustee or its nominee until such point sufficient units have been redeemed to satisfy your withdrawal request in full. Please note that the length of time your funds are held in this suspense account may affect the amount you receive in satisfaction of your withdrawal request.

Any amount withdrawn from the Scheme will generally be paid in cash to your nominated bank account.

Tax summary

Tax will affect your returns from the Scheme. We recommend that you discuss your personal taxation position with your tax adviser before investing in the Scheme.

Tax rules are subject to change. The impact of taxation may vary depending on a member's individual circumstances. The following information is based on our understanding of taxation law applicable as at the date of this investment statement and is intended solely as a guide.

Tax rules applying to the Kiwibank KiwiSaver Scheme

The Kiwibank KiwiSaver Scheme is currently a PIE and a portfolio tax rate entity, in terms of the Income Tax Act 2007.

The calculation basis and timing of taxable income recognised by the Scheme in respect of each investment may be dependent upon the nature of the investment itself. Certain types of investments may give rise to gains which are taxable on an unrealised basis or a basis that may not directly correlate to realised or unrealised gains arising from the investment.

PIEs have restrictions on the percentage of units that any one investor and associated parties can hold in the PIE. The Manager, on the Trustee's instruction, may not accept, or may reject, contributions (other than those required under the KiwiSaver Act and amounts transferred from another KiwiSaver scheme, tax credits or fee subsidies payable in respect of a member), and requests to change Investment Options or transfer units between Funds, and would exercise that power not to accept such amounts or requests if they may result in a breach of those PIE restrictions.

Calculation of tax by the Kiwibank KiwiSaver Scheme

The amount of tax payable by the Scheme to the Inland Revenue is the total of the tax liability of all members collectively.

A separate tax calculation and tax collection will be done for each member account, each Fund and each tax return period. A tax calculation and tax collection may also be done when you make a withdrawal, change Investment Options or transfer units between Funds.

Where more New Zealand tax credits are allocated to you than are required to meet your tax liability in a tax return period, or where a taxable loss is allocated to you in a tax return period, the Scheme will apply for a tax rebate for any tax loss or excess tax credit attributable to you (except any foreign tax credit) from the Inland Revenue.

Prescribed Investor Rates

Your PIR is the tax rate that the Scheme uses to calculate the tax payable on income of the Scheme that is allocated to you. Your PIR is based on your taxable income – i.e. income from salary, wages and any additional sources of income that you would include in your income tax return and the income (less any losses) allocated to you from any PIEs in which you invest, including the Kiwibank KiwiSaver Scheme. These income amounts are based on amounts earned in the two Income Tax Years preceding the current Income Tax Year. From 1 April 2012, special rules apply to members who have become New Zealand tax resident in the past two Income Tax Years. These members should refer to the Inland Revenue's website at www.ird.govt.nz and/or obtain specialist advice for more information on how these special rules may affect them.

The current PIRs for New Zealand tax resident individuals are 10.5%, 17.5% and 28%. The thresholds for these rates differ from those for non-PIE income. The current PIR for non-residents is 28%. Members who do not provide a PIR to the Kiwibank KiwiSaver Scheme will default to a 28% tax rate.

For more information on PIRs and the rate you should use please refer to the Inland Revenue's website at www.ird.govt.nz/toii/pir/. These rates could change in the future.

You're responsible for providing your PIR for a particular tax return period to the Scheme. You must also provide your correct IRD Number. We will collect this information from you when you apply to enrol in the Scheme. If you advise a PIR that is lower than your correct PIR, you will be liable to pay any consequential tax shortfall to the Inland Revenue and file a tax return. If you're required to file a tax return, you will receive a tax credit for tax paid by the Scheme on your behalf.

If you do not advise your PIR or advise a PIR that is higher than the applicable rate, you will not be able to claim back any excess tax paid. You must notify us as soon as practicable if your PIR changes.

Provided you have provided the correct PIR the tax paid on income allocated to you by the Scheme will be a final tax (except for members who became New Zealand tax resident in the past two years and who have chosen to disregard their overseas income in determining their PIR), which means that income allocated to you by the Scheme should not be filed in your personal income tax return.

Member expenses

Annual management fees are charged against each Fund. These fees will be allocated to you based on your unit holdings and are deductible in calculating the tax liability attributable to you as above.

We may deduct fees that are charged directly to you, such as the administration fee, in calculating the PIE tax liability attributable to you.

Tax on contributions to the Kiwibank KiwiSaver Scheme

Members contribute after-tax income to the Scheme because PAYE will already have been deducted from your before-tax income through payroll systems. However, tax credits will be available (for details, see "Member Tax Credits" on page 25). Your employer must also make contributions to the Scheme, in addition to your contributions (see "Employer contributions" on page 24).

As at the date of this investment statement, and up to 31 March 2012, employer contributions to a KiwiSaver scheme are exempt from employers superannuation contribution tax ("ESCT") up to a maximum of the lesser of:

- 2% of your Salary or Wages; and
- your own contributions to that KiwiSaver scheme.

This means that if you contribute an amount equal to 2% of your Salary or Wages to the Scheme, then the first 2% of any contribution from your employer will be exempt from tax. To the extent that this exemption does not apply, ESCT will be deducted from your employer's contributions at the rate applying under the Income Tax Act 2007.

This exemption will be removed from 1 April 2012. From that date employers will be required to withhold ESCT from all contributions that they make to KiwiSaver schemes.

The rate of ESCT deducted from your employer's contributions to the Scheme will change from a default rate of 33% to a progressive set of rates based on the sum of your salary or wages and employer's contributions for the previous Income Tax Year (or the estimated sum of your salary or wages and employer's contribution for the relevant Income Tax Year if you were not employed for the whole of the previous Income Tax Year).¹ This means that the amount of your employer's after tax net contributions to your KiwiSaver account will be reduced as a result of this change.

¹ On 14 September 2011 the Government introduced legislation which requires all contributions made for a past employee to be subject to a 33% ESCT rate but this legislation is yet to be passed as at the date of this investment statement. Assuming the legislation is passed post election, it is proposed to take effect retrospectively from 1 April 2008.

For more information on ESCT and applicable rates please refer to the Inland Revenue's website at <http://www.ird.govt.nz>. The ESCT rate changes will come into effect from 1 April 2012.

You should discuss ESCT-related tax concessions with your employer and/or tax adviser.

The Government kick-start and Member Tax Credit are not taxable.

Tax on withdrawals, changes and transfers of units

If you make a partial or full withdrawal, change Investment Options or transfer units between Funds, and there is tax attributable to you on the units withdrawn, changed or transferred, we may (and in some cases must) withhold this amount from the amount we pay to you, or otherwise redeem some of your units to meet this tax liability. Any tax rebate attributable to you on the units redeemed will be paid to you when you make a full withdrawal, and any tax rebate attributable to the units changed or transferred will be paid to you in the form of additional units.

Tax reporting to Kiwibank KiwiSaver Scheme members

We will provide you with a tax certificate each Income Tax Year ending 31 March. The certificate will be provided by the 30 June following the end of the Income Tax Year. The statement will include all the information prescribed by the Inland Revenue.

During the Income Tax Year we will have calculated the tax liabilities or rebates attributable to your units each day. Due to unit price movements the number of units redeemed to settle this liability may differ in the certificate.

At year end, any tax rebate attributable to you will be paid to you in the form of additional Units when it's received from the Inland Revenue.

Non-resident members

The current PIR for non-residents is 28%. You must let us know if you become a non-resident for New Zealand tax purposes.

PIE tax will be withheld on withdrawals, changes or transfers by non-resident members, in the same manner as detailed above. No further taxes will be deducted from amounts payable to non-resident members.

6 What are my risks?

Risk relative to return

All investments carry some degree of risk. Generally, the degree of risk is related to the potential return from the investment. A lower risk investment typically provides more predictable and stable returns. A higher risk investment has the potential to fluctuate significantly in value – this includes the possibility of negative returns. However, over the longer term, higher risk investments have the potential to deliver greater returns than lower risk investments.

The value of your investments in the Kiwibank KiwiSaver Scheme is not guaranteed, and can go down as well as up. In certain circumstances, returns can be negative and insufficient to cover charges and costs. It is possible that, on withdrawal of your investment in the Kiwibank KiwiSaver Scheme, you will have received in total less than the amount paid in to the Scheme by you or on your behalf.

Choice of Investment Option

We provide you with the choice of selecting either:

- Classic, which allows you to choose from:
 - one of three multi-sector Funds positioned to offer varying levels of risk and potential return, from the lower risk Conservative Fund through to the higher risk, but potentially higher earning, Growth Fund; or
 - our single-sector Cash Fund; or
- Self Managed, which allows you to tailor your own personalised portfolio by selecting your preferred investment sector exposures through our six single-sector Funds.

It is important that you realise these investment choices are entirely your own. Neither the Manager nor the Trustee is responsible for your choice of Investment Option or investment in any Fund.

Market and investment risk

Each multi-sector Fund in Classic invests in a different mix of asset classes such as cash, fixed interest, property and shares. The mix for each Fund is set out on pages 13 to 15. This mix determines the risk profile of each multi-sector Fund in Classic.

The Cash Fund available through Classic, and each single-sector Fund in Self Managed, invests in a different asset class as set out in the profile for each Fund on pages 18 to 20. The risk profile of that asset class determines the risk profile of each single-sector Fund.

The performance and fluctuations in returns of each Fund are linked to the asset class(es) in which it invests and the performance of the relevant investment

managers or specialist managers. Certain Funds may invest exclusively in deposits with or securities issued by a limited number of issuers or counterparties and, as a result, such Funds are subject to higher credit and default risks of such issuers or counterparties than Funds having a more diversified portfolio. For example, the Cash Fund may invest entirely in New Zealand dollar denominated deposits with Kiwibank. All other Funds invest primarily in underlying investment funds managed by AMP Capital or its affiliates, with an exposure to cash which may be entirely invested in New Zealand dollar denominated deposits with Kiwibank.

As with any investment which is linked to market performance, the value of each Fund can fluctuate according to movements in the underlying value of its investments. This means that over some periods the value of a Fund could actually go down, resulting in a negative return (i.e. a loss in capital value).

In addition, investment markets experience volatility and are affected by many factors including currency fluctuations, inflation, interest and growth rates, economic events, changes in investor sentiment and changes in government policy and tax laws, both here and overseas. It is possible that investment markets may experience negative returns that continue over a number of years, which may impact on the performance of the Funds.

The principal risk of you receiving less than you invested and not receiving the returns you expect is adverse investment or market performance. If over the period you're invested in a Fund there is sustained adverse investment or market performance, it is reasonably foreseeable that when you withdraw your investment you may receive less than you invested.

Currency risk

As some of the assets of the Funds are invested outside of New Zealand in currencies other than New Zealand dollars, returns in New Zealand can be affected by movements between the New Zealand dollar and other currencies.

Funds have different levels of currency exposure depending on the countries and asset class(es) they are invested in and the benchmark hedging level that exists. The benchmark hedging level can range from being unhedged through to fully hedged to New Zealand dollars depending on the asset class, as set out on pages 13 to 15 and 18 to 20. The tax status of the underlying investment may be taken into account in setting the benchmark hedging level for that asset class.

For some Funds and asset classes hedging is managed passively at the benchmark level. For others, we may alter currency hedging levels from time to time where considered appropriate.

Liquidity risk

Liquidity risk is the risk that the Scheme cannot meet payments on time. This risk arises where there is a mismatch between the maturity profile of investments and the amounts required to meet withdrawal requests.

An underlying fund into which a Fund invests may suspend or defer giving effect to withdrawals in certain circumstances (for an indefinite period of time in some cases). This may in turn restrict your ability to withdraw (or transfer) from the Scheme (or to change Funds or Investment Options).

In addition, if the markets in which assets of the Funds are invested become illiquid, the Funds may not be able to sell those assets when they wish or are required to do so to pay benefits, or any sales may occur at a discounted price.

Derivative risk

Financial instruments known as "derivatives" may be used for the purposes of managing risks (particularly market risk and currency risk) and for investment purposes as an alternative to investing in physical assets.

A derivative is a contract with a return that is dependent on or derived from one or more underlying assets or reference items. The most common underlying assets or reference items include shares, bonds, currencies, cash, interest rates, events, entities and market indexes.

The use of derivatives for the purposes of managing risk will not remove all exposure to the risk that the financial instrument is used to manage, and may in some circumstances actually increase risk.

The risks arising out of the use of derivatives include the potential for:

- large gains or losses, including those arising from the derivatives exaggerating the effect of any increase or decrease in the value of the underlying assets or reference items that their return is dependent upon or derived from; and
- the party with whom the contract is made not meeting its obligations in whole or in part, or there being a delay in that party meeting its obligations – such failures or delays could occur for a number of reasons, including the counterparty being in financial difficulty or suffering an insolvency event.

In addition, for derivative trades which are loans settled through a central counterparty settlement system, the Fund would be exposed to similar counterparty risk or credit risk in respect of the operator of the settlement system.

If any of these risks eventuate, the relevant Fund could suffer loss as a result.

Borrowing

Borrowing is permitted under the Trust Deed. The Establishment Deed for each Fund sets out restrictions on borrowing for that Fund. Currently each Establishment Deed states that borrowing for each Fund may not exceed 20% of that Fund's Net Asset Value.

We do not intend to borrow except in relation to events such as transaction settlement mismatches; if a member withdraws from a Fund and there is a mismatch in the redemption of the underlying assets; or to cover shortfalls due to payment of expenses, fees and tax.

Where borrowing has occurred in relation to a Fund, the lender will have the right to demand payment from that Fund only.

Regulatory and administration risk

Investments made through the Kiwibank KiwiSaver Scheme are exposed to the risk of future changes to tax, superannuation or other legislation, and changes to government or departmental operations, that could affect the operation of the Scheme or the returns available.

An underlying investment fund in which a Fund invests may be closed without notice or on limited notice, or closed to new applications. This may result in assets being held in cash for a period of time, pending investment.

There will also always be the risk of a technological or other failure or event affecting the Scheme or the financial markets in general. If that occurs, it may affect returns.

Tax risks

The structure of the Kiwibank KiwiSaver Scheme is such that, while it comprises a number of Funds, it is a single PIE for tax purposes. Accordingly, there is an administrative risk that if a Fund fails to satisfy the PIE eligibility criteria, and that failure is not remedied within the period permitted under the Income Tax Act 2007, all Funds may lose PIE status. We have implemented processes to monitor ongoing PIE eligibility compliance within each Fund, and have a number of powers available to us to proactively manage this risk.

As the Scheme is a PIE, any future changes to either PIRs or personal tax rates (including changes to the applicable thresholds) could affect the tax efficiency for particular members of investing in the Scheme.

There is a risk of us making either an over or an under payment of tax within the Scheme on your behalf as a result of you providing the wrong PIR or not advising us

of a change to that rate, when it needed to be changed. If tax is underpaid then you will be obliged to pay the tax shortfall (and potential penalties or interest) to the Inland Revenue, and may need to file a tax return. If tax is overpaid, you will not be able to recover this amount.

Risk of losing QROPS status

The Kiwibank KiwiSaver Scheme is as at the date of this investment statement, registered as a QROPS (reference QROPS 503287), however there is a risk of the Scheme losing QROPS status. If QROPS status is lost, there may be an adverse change to the UK tax implications of transfers to the Scheme.

Personal liability

There are no circumstances in which you will be obliged to pay any further money, apart from the amounts described in the section headed "How much do I pay" on page 24 and any tax liability you incur personally as a result of advising the wrong PIR or failing to advise the Manager when your PIR changes.

By investing in the Kiwibank KiwiSaver Scheme you are agreeing to indemnify the Trustee and the Manager for any shortfall if your member account is insufficient to meet your attributable tax liability arising from tax payable on your behalf as described in the Tax summary on pages 32 to 34.

Single trust fund

The assets of the Kiwibank KiwiSaver Scheme comprise a single trust fund, despite the fact that separate Funds have been established within the Scheme.

This means that all liabilities incurred in relation to a Fund must be met only from the assets held for that Fund, except where we transfer value between the Funds to accommodate the Scheme being a single taxpayer.

Except to the extent necessary (as outlined above) to meet liabilities incurred in relation to another Fund, all investments made with the moneys of a Fund must be held exclusively for that Fund, and for the exclusive benefit of the members who have interests in that Fund.

We will keep separate records in respect of each Fund, and will not permit the assets or liabilities relating to any Fund to become intermingled with those relating to any other Fund. Only the financial statements of the Scheme (and not individual Funds) will be audited and provided to members.

Winding up or insolvency of the Kiwibank KiwiSaver Scheme

The Trustee will wind up the Scheme in the manner prescribed by the KiwiSaver Act if:

- we resolve to wind up the Scheme; or
- if the Scheme is required to be wound up under the KiwiSaver Act.

The Scheme can also be wound up if the Financial Markets Authority orders that it is wound up under the KiwiSaver Act, where it has reasonable cause to believe that the Scheme is not operating in accordance with the KiwiSaver Act, or the financial position, security of benefits or the management of the Scheme is inadequate.

If the Scheme is wound up, creditors of the Scheme, claims for fees and expenses payable in the normal course of business, and other claims preferred at law, will rank ahead of claims by members. Accordingly, you may not recover the full amount paid to the Scheme by you or on your behalf. However, you will otherwise have no liability to contribute to any shortfall in the assets of the Scheme.

If the Scheme is wound up, your claim on the Scheme's assets will rank equally with the claims of other members.

Following the wind-up of the Scheme, members will be required to transfer from the Scheme to other KiwiSaver schemes in accordance with the choice and default allocation principles prescribed in the KiwiSaver Act.

There are no circumstances in which you will be obliged to pay any further money to any person as a result of the insolvency of the Scheme, apart from any tax liability that is attributable to you, or that you incur as a result of advising the wrong PIR or failing to advise us when your PIR increases.

As at 30 June 2011, the Manager had a deficiency of capital and reserves. However the deficiency is less than amounts owing by the Manager to Kiwibank Limited. The directors of Kiwibank Limited have given an undertaking that repayment of this amount will be subordinated in favour of all other creditors and that it will provide sufficient financial assistance to the Manager as and when it is needed to enable the Manager to continue its operations and fulfil all of its financial obligations now and in the future, as they fall due.

7 Can the investment be altered?

Contributions

If you're employed, you can change your required contribution rate between 2%, 4% and 8% of your before-tax Salary or Wages at any time by notifying your employer of your new contribution rate (as discussed above, the Government has introduced

legislation to increase the minimum employee contribution rate to 3% for pay periods starting on or after 1 April 2013). You can't change your required contribution rate more often than every three months unless your employer agrees. Your new contribution rate will apply to the next Salary or Wage payment after your employer receives your instruction.

If you're employed, and you're making additional regular contributions, you can change the frequency and/or amount of your regular payment (subject to a minimum of \$20), or cancel it entirely, at any time.

If you're self-employed or not working, you can make lump sum contributions or change your regular contribution amount. Regular and lump sum contributions must be at least \$20.

Contributions holiday

If you're an employee, you're entitled to apply to Inland Revenue to take a "contributions holiday" (i.e. to suspend your contributions to the Kiwibank KiwiSaver Scheme) if:

- 12 months or more have passed since your first contribution to a KiwiSaver scheme or Complying Superannuation Fund – in which case your contributions holiday can be for a period of between three months and five years; or
- you are suffering, or are likely to suffer, financial hardship and Inland Revenue has received at least one contribution from you – in which case your contributions holiday (if granted) will be for a maximum of three months (or a longer period, if Inland Revenue agrees).

You can revoke or reinstate your contributions holiday at any time by giving notice to your employer. You can apply for another contributions holiday when one expires.

If you're granted a contributions holiday, then your employer may suspend its contributions to the Scheme for your benefit on or at any time after the start of your contributions holiday. Your employer's compulsory contribution obligations will resume when you recommence contributing to the Scheme.

Changing Funds and Investment Options

Making changes is easy. You can change Funds or Investment Options via Kiwibank Internet Banking, by calling us, or at your local Kiwibank. Our contact details can be found on page 23.

Please note that you can only be invested in one Fund in Classic at any one time.

If you've chosen Self Managed, it's up to you to manage your own investment.

- You may wish to review and change (or rebalance) your investment mix from time to time. Your investment mix, or asset allocation, is the percentage of your existing savings you've allocated to each Fund.
- You may wish to review and change the allocation of your future contributions between Funds from time to time. If you decide to redirect your future contributions, you may also wish to make the same change to your investment mix at the same time. If the same change is not made your future contributions will, over time, change your investment mix. See "Rebalancing" on page 17 for more information.

There is no minimum investment amount for any Fund in Self Managed, as long as the investment amounts add up to 100% of your contributions in the Scheme.

Please note that changes take time to process. If you make a change, you won't be able to make any further changes for 15 calendar days to allow us enough time to process your initial instructions.

A switch fee may apply. See "What are the charges?" on page 27 for more information.

Tax will be calculated and withheld (where appropriate) from the amount transferred. The Manager may hold or reject change requests where they may cause the Scheme to breach any eligibility requirements to continue to be a PIE.

Changes to Funds and new Funds

Under the Trust Deed we can, after consultation with the Trustee, vary the investment policy for any of the Funds (subject to compliance with relevant law). We may change the manner in which each Fund's assets are invested, including the investment strategy, investment guidelines and performance objective for each Fund, its asset allocation, benchmark and ranges, without prior notice. The make-up of any underlying investment fund into which a Fund invests may also change from time to time, which in turn can alter the asset allocations in the relevant Fund.

We may change the fund manager(s) for each Fund from time to time.

Subject to the requirements of the KiwiSaver Act, we can direct the Trustee to close, wind up or alter any Fund, or to set up a new Fund. We can also set rules from time to time relating to Funds, including setting a maximum number of Funds that can be chosen and a minimum amount that can be invested in a Fund.

We will let you know if there are any material changes to the Funds.

Trust Deed amendments

The Trustee is able (with our consent) to amend the provisions of the Trust Deed, at any time. However, such changes must comply with the KiwiSaver Act and the Superannuation Schemes Act 1989.

Fees

Fees may be altered from time to time. See "What are the charges?" on page 27 for more information.

Changes to law

A number of aspects of the Kiwibank KiwiSaver Scheme, such as the current minimum contribution rate, the definition of "Salary" or "Wages" for contribution purposes, the Government's incentives, and the circumstances in which benefits can be withdrawn, reflect the terms of the KiwiSaver Act and the KiwiSaver Regulations. The Trust Deed was also prepared with regard to the current PIE tax rules, and to the securities and other legislation currently governing KiwiSaver schemes.

If relevant legislation or policy changes, we will co-operate with the Trustee to make such amendments to the Trust Deed, and such other changes to the administration of the Kiwibank KiwiSaver Scheme, as considered necessary or desirable in light of those changes.

Under the KiwiSaver Amendment Act 2011, the Manager and the Trustee must amend the governance arrangements for the Scheme by no later than 30 September 2012, so as to ensure that:

- the Manager becomes the issuer of membership interests in the Scheme for securities legislation purposes and is responsible for the management of the Scheme; and
- the Trustee becomes the external supervisor of the Scheme and is responsible for the oversight of the Manager and the custody of the Scheme assets.

The Manager and the Trustee will make the necessary changes for the Manager to become legally responsible for managing and administering the Scheme and paying members' benefits.

Transfer to another KiwiSaver scheme

You are entitled to transfer your investment from the Kiwibank KiwiSaver Scheme to another KiwiSaver scheme at any time. See "What returns will I get?" on page 28 for more information.

8 How do I cash in my investment?

See "What returns will I get?" on page 28 for information on making a withdrawal from the Kiwibank KiwiSaver Scheme or transferring to another KiwiSaver scheme.

Membership may cease

You will cease to be a member of the Scheme if the balances in your accounts reach zero and the Trustee gives notice to you that your membership is terminated.

Transfer of ownership

Units in the Kiwibank KiwiSaver Scheme may not be sold, assigned, charged or otherwise passed to any other person by any means, unless required by a Court order or by legislation.

9 Who do I contact with inquiries about my investment?

You can visit www.kiwibank.co.nz for information on the Kiwibank KiwiSaver Scheme.

Inland Revenue

You can visit the Inland Revenue's website at www.ird.govt.nz/kiwisaver/ for more information on KiwiSaver schemes generally, or you can call Inland Revenue on 0800 549 472 or +64 4 978 0779 (General Enquiries).

You'll need to contact Inland Revenue if you need information about your contributions during the first three months after you enrol (see "Inland Revenue holding account" on page 25), and if you want to apply for a contributions holiday (see "Contributions holiday" on page 37).

Housing New Zealand

You can visit the Housing New Zealand website at www.hnzc.govt.nz for more information on the first home withdrawal and first home subsidy, or you can call them on 0800 801 601 or +64 4 439 3000 (Wellington office).

You'll need to contact Housing New Zealand if you need a determination of whether you're in a similar position to first home buyers if you're a "second chance" home buyer. See "'Second chance' home buyers" on page 30 for more information.

Your employer

You'll need to notify your employer if you want to change your required contribution rate between 2%, 4% and 8% of your before-tax Salary or Wages. See "Can the investment be altered?" on page 37 for more information.

General enquiries

For other enquiries, contact us:

Kiwibank Investment Management Limited
Level 1, New Zealand Post House
7 Waterloo Quay
Wellington 6011

Postal address:
Kiwibank Investment Management Limited
Private Bag 39888
Wellington Mail Centre
Lower Hutt 5045

Telephone: 0800 11 33 55
From overseas: +64 4 473 11 33
Fax: (04) 462 7996
Email: service@kiwibank.co.nz

10 Is there anyone to whom I can complain if I have problems with the investment?

Any complaints or problems with the Kiwibank KiwiSaver Scheme should be directed to us. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?".

If you're not satisfied with the outcome of your enquiry to us, you can contact the Trustee. The Trustee's contact details are set out on page 23 under the heading "Who is involved in providing it for me?".

Approved Dispute Resolution Scheme

Complaints may be made to our approved dispute resolution scheme, the Banking Ombudsman:

Physical address:	Postal address:
Level 11 BP House 20 Customhouse Quay Wellington 6011	Freepost 218002 PO Box 10573 The Terrace Wellington 6143
Telephone: From overseas: Fax: Email:	800 805 950 +64 4 471 0006 (04) 471 0548 help@bankomb.org.nz

11 What other information can I obtain about this investment?

Additional information about the Scheme, the Manager and the Trustee is contained or referred to in the Trust Deed and registered prospectus and the financial statements of the Kiwibank KiwiSaver Scheme (once the Scheme has completed an accounting period and its financial statements have been prepared). These documents are available for inspection, without fee, during normal business hours at our offices. Our contact details are set out on page 23 under the heading "Who is involved in providing it for me?".

You can also obtain copies of the prospectus, Trust Deed and the most recent financial statements for the Scheme (when available) free of charge from us. The documents will be forwarded within five business days from the date of receipt of the request.

The Trust Deed, prospectus, financial statements of the Scheme (when available) and other documents of, or relating to the Scheme, are filed (in accordance with the statutory requirements as to timeframes) on the public register at the Companies Office. Copies of certain documents may be viewed (if available) on the Companies Office website at www.business.govt.nz/companies. Copies can also be obtained (on payment of the relevant fee) by telephoning the Companies Office Contact Centre on 0508 266 726.

Kiwibank's General Terms and Conditions for Personal Banking and Kiwibank's General Terms and Conditions for Business Banking can be found at your local Kiwibank or online at www.kiwibank.co.nz.

Annual information

Each year you'll receive:

- a statement showing details of your benefits in the Scheme as at 31 March that year, including the amount and type of contributions received in respect of your account that year; and
- an annual report for the Scheme, which will include a summary of the financial statements for the Scheme, unless your account is inactive (an account is inactive if it has a zero balance and we have not received a contribution in respect of it for at least two years). Members whose accounts are inactive may request an annual report.

If you provide an email address or use Kiwibank Internet Banking, you agree that we may provide information to you electronically.

Additional information

Members will receive confirmation of receipt of any contributions made directly to the Scheme (i.e. not via the Inland Revenue) by cash or cheque, and may request, free of charge at any time, a statement showing an estimate of their Kiwibank KiwiSaver Scheme entitlements in accordance with the requirements of the Securities Act 1978.

Members can obtain unit prices for the Funds and their investment balance by calling us. Our contact details can be found on page 23.

Privacy Act

The information you provide is covered by the Privacy Act 1993. Your rights in relation to personal information are governed by the Privacy Act 1993.

When you invest, your personal information may be kept on file by us, the Trustee, Kiwibank and other third parties engaged in connection with the Kiwibank KiwiSaver Scheme. This information is needed for administering your benefits and may be used and disclosed for the purposes of the Kiwibank KiwiSaver Scheme.

7 Glossary

AMP Capital means AMP Capital Investors (New Zealand) Limited.

Classic means the Investment Option that gives members access to one of three multi-sector Funds or our single-sector Cash Fund. See "The Kiwibank KiwiSaver Scheme - Classic" on page 10 for more information.

Complying Superannuation Fund has the same meaning as in the KiwiSaver Act.

Enrolment Date means the date on which your application form is received by us.

ESCT means employers superannuation contribution tax.

Fund means an investment fund established in the Kiwibank KiwiSaver Scheme.

Government kick-start means the one-off contribution made by the Government when you enrol in your first KiwiSaver scheme. Further information is set out under the heading "Government kick-start" on page 25.

Income Tax Year means the year starting on 1 April and ending on 31 March unless the Inland Revenue has approved a different period for the relevant member.

Investment Option means either Classic or Self Managed as the context requires, and Investment Options means both Classic and Self Managed.

IRD Number means a tax file number as that term is defined in the Income Tax Act 2007.

Kiwibank means Kiwibank Limited.

KiwiSaver Act means the KiwiSaver Act 2006, as amended from time to time.

KiwiSaver Regulations means the KiwiSaver Regulations 2006, as amended from time to time.

Manager means Kiwibank Investment Management Limited, the manager of the Kiwibank KiwiSaver Scheme.

Member Tax Credit means a contribution from the Government matching your contributions to the Kiwibank KiwiSaver Scheme and/or a Complying Superannuation Fund. Further information is set out under the heading "Member Tax Credits" on page 25.

New Zealand Post Group means New Zealand Post Limited and all its subsidiaries.

PIE means portfolio investment entity as defined in the Income Tax Act 2007. See "Tax summary" on pages 32 to 34 for more information.

PIR means prescribed investor rate as defined under the Income Tax Act 2007. See "Tax summary" on pages 32 to 34 for more information.

QROPS means Qualifying Recognised Overseas Pension Scheme.

Qualifying Date means the date when you reach the standard qualifying age for New Zealand superannuation (currently 65) or the date, if later, when:

- you've been a member of a KiwiSaver scheme for five years; or
- you've been a member of one or more Complying Superannuation Funds (on a locked-in basis) and KiwiSaver schemes for five years.

Scheme means the Kiwibank KiwiSaver Scheme established pursuant to the Trust Deed.

Self Managed means the Investment Option that gives members access to six single-sector Funds. See "The Kiwibank KiwiSaver Scheme - Self Managed" on page 16 for more information.

Trust Deed means the trust deed for the Kiwibank KiwiSaver Scheme dated 10 February 2010, and any Establishment Deed for any Fund, as amended from time to time.

Trustee means Trustees Executors Superannuation Limited, as the trustee of the Kiwibank KiwiSaver Scheme.

All terms defined in the Trust Deed (which are not separately defined in this investment statement) shall have the same meanings where used in this investment statement, unless the context otherwise requires.



Enrolment

- Enrolment Form
- Direct Debit Form

Kiwibank KiwiSaver Scheme – Enrolment Form

Kiwibank Investment Management Limited, Private Bag 39888, Wellington 5045

1 Member details (if enrolling a minor, please provide their details) Please print your details clearly in CAPITAL letters, using a pen

Title Mr Mrs Ms Dr Other (please specify) _____ Date of Birth

First name(s) _____ Surname _____

Physical address Number and street Suburb

City or Town Postcode

Postal address (if different from above) _____

City or Town Postcode

Phone numbers Work Home Mobile

Email address (optional) _____

We may send information regarding your interest in the Kiwibank KiwiSaver Scheme to this email address.

You must provide your (or the minor's) IRD number and PIR. There's more information on this in the tax summary on pages 32 to 34 of the investment statement for the Kiwibank KiwiSaver Scheme.

IRD Number PIR 12.5% 21% 30%

Please select which category best describes your status (if enrolling for a minor, please select for them).

Employed Self-employed Not working Minor (under the age of 18)

2 Parent or legal guardian details (if the member is under the age of 18)

Title Mr Mrs Ms Dr Other (please specify) _____ Date of Birth

First name(s) _____ Surname _____

Physical address Number and street Suburb

City or Town Postcode

Postal address (if different from above) _____

City or Town Postcode

Phone numbers Work Home Mobile

Email address _____

If the member is under 18, the parent or legal guardian's email address will be used for correspondence.

3 Identification details

Member over the age of 18

Kiwibank customer? Kiwibank access number

Non Kiwibank customer? Please attach verified copies of the following:

Proof of address, one item with your residential address e.g. a bank statement, electricity or phone bill.

Proof of identity, at least one item of photo identification e.g. a passport or a New Zealand driver's license.

Member under the age of 18

Kiwibank customer? Kiwibank access number

Non Kiwibank customer? Please attach a:

Verified copy of their birth certificate.

4 Enrolment details

I wish to enrol in the Kiwibank KiwiSaver Scheme. I'm not a member of another KiwiSaver scheme.

OR

I wish to transfer from another KiwiSaver scheme to the Kiwibank KiwiSaver Scheme Current provider

If you don't know your current provider we can get that information for you.

We'll arrange the transfer for you. It can take up to 35 days before your transferred funds will show in the Kiwibank KiwiSaver Scheme. Under current legislation, if you wish to transfer your funds from a registered superannuation scheme (non KiwiSaver), you need to instruct the provider directly. Contact us for more information about this on 0800 11 33 55.

5 Employee contributions please complete this section if you're employed (if self employed or not employed go to section 6)

If you're employed, you can currently choose to contribute 2%, 4% or 8% of your before-tax Salary or Wages. If you leave this blank, your contribution rate will be 2%. Your employer will deduct this amount from your before-tax Salary or Wages. See page 24 of the investment statement for the Kiwibank KiwiSaver Scheme for more information.

Primary employer	Secondary employer
Employer name <input type="text"/>	Employer name <input type="text"/>
Physical address <input type="text"/> Number and street <input type="text"/> Suburb <input type="text"/>	Physical address <input type="text"/> Number and street <input type="text"/> Suburb <input type="text"/>
<input type="text"/> City or Town <input type="text"/> Postcode <input type="text"/>	<input type="text"/> City or Town <input type="text"/> Postcode <input type="text"/>
Contribution rate <input type="checkbox"/> 2% <input type="checkbox"/> 4% <input type="checkbox"/> 8%	Contribution rate <input type="checkbox"/> 2% <input type="checkbox"/> 4% <input type="checkbox"/> 8%

If you have more than two employers, please attach to this form the details of those employers and the relevant contribution rate.

6 Voluntary contributions (optional)

Please make cheques payable (and crossed "not transferable") to Trustees Executors Superannuation Limited on a/c of Kiwibank KiwiSaver Scheme.

One-off lump sum contribution Amount \$

Regular contribution (please complete the direct debit form included with the investment statement, and return it with this enrolment form)

The minimum voluntary contribution amount is currently \$20. You can make additional regular or lump sum contributions whenever you like. See page 26 of the investment statement for the Kiwibank KiwiSaver Scheme for more information.

7 Investment instructions

Choose Classic **or** Self Managed, then how your contributions will be invested. If you don't make a choice, your contributions will be automatically invested in Classic, in the Conservative Fund.

<p><input type="checkbox"/> Classic</p> <p>For more information about Classic please refer to page 10 of the investment statement for the Kiwibank KiwiSaver Scheme.</p> <p>You choose one of our three actively managed multi-sector Funds, or our single-sector Cash Fund, into which all of your contributions will be invested.</p> <p>Select one of the following Funds:</p> <p><input type="checkbox"/> Cash Fund</p> <p><input type="checkbox"/> Conservative Fund</p> <p><input type="checkbox"/> Balanced Fund</p> <p><input type="checkbox"/> Growth Fund</p>	<p>OR</p> <p><input type="checkbox"/> Self Managed</p> <p>For more information about Self Managed please refer to page 16 of the investment statement for the Kiwibank KiwiSaver Scheme.</p> <p>You choose how your contributions are allocated between our six single-sector Funds.</p> <p>Total percentage of contributions to one or more selected Fund(s) must equal 100%.</p> <table border="1"> <thead> <tr> <th>Funds</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Cash Fund</td> <td>%</td> </tr> <tr> <td>NZ Fixed Interest Fund</td> <td>%</td> </tr> <tr> <td>Global Fixed Interest Fund</td> <td>%</td> </tr> <tr> <td>Listed Property Fund</td> <td>%</td> </tr> <tr> <td>Australasian Share Fund</td> <td>%</td> </tr> <tr> <td>Global Share Fund</td> <td>%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table>	Funds	%	Cash Fund	%	NZ Fixed Interest Fund	%	Global Fixed Interest Fund	%	Listed Property Fund	%	Australasian Share Fund	%	Global Share Fund	%	Total	100%
Funds	%																
Cash Fund	%																
NZ Fixed Interest Fund	%																
Global Fixed Interest Fund	%																
Listed Property Fund	%																
Australasian Share Fund	%																
Global Share Fund	%																
Total	100%																

Conditions of this authority to accept direct debits (the "Authority")

1. The Initiator:

- (a) Undertakes to give notice to the Customer of the commencement date, frequency and amount at least 10 calendar days before the first Direct Debit is drawn (but no more than 2 calendar months). This notice will be provided in writing; or by electronic mail where the Customer has provided prior written consent to the Initiator. In the event of any subsequent change to the frequency or amount of the Direct Debits, the Initiator has agreed to give advance notice of at least 30 days before the changes come into effect. This notice will be provided in writing; or by electronic mail where the Customer has provided prior written consent to the Initiator.
- (b) May, upon the relationship which gave rise to the Authority being terminated, give notice to the Bank that no further direct debits are to be initiated under the Authority. Upon receipt of such notice the Bank may terminate this Authority as to future payments by notice in writing to me/us.

2. The Customer may:

- (a) At any time, terminate this Authority as to future payments by giving written notice of termination to the Bank and to the Initiator.
- (b) Stop payment of any direct debit to be initiated under this Authority by the Initiator by giving written notice to the Bank prior to the direct debit being paid by the Bank.

3. The Customer acknowledges that:

- (a) This Authority may remain in full force and effect in respect of all direct debits made from my/our account in good faith notwithstanding my/our death, bankruptcy or other revocation of this Authority until actual notice of such event is received by the Bank.

- (b) In any event this Authority is subject to any arrangement now or hereafter existing between me/us and the Bank in relation to my/our account.

- (c) Any dispute as to the correctness or validity of an amount debited to my/our account shall not be the concern of the Bank except in so far as the direct debit has not been paid in accordance with this Authority. Any other dispute lies between me/us and the Initiator.

- (d) Where the Bank has used reasonable care and skill in acting in accordance with this Authority, the Bank accepts no responsibility or liability for the accuracy of information about direct debits on bank statements, or any variations between notices given by the Initiator and the amount of direct debits.

- (e) The Bank is not responsible for, or under any liability, in respect of the Initiator's failure to give written advance notice correctly nor for the non-receipt or late receipt of notice by me/us for any reason whatsoever. In any such situation the dispute lies between me/us and the Initiator.

4. The Bank may:

- (a) In its absolute discretion conclusively determine the order of priority of payment by it of any monies pursuant to this or any other authority, cheque or draft properly executed by me/us and given to or drawn on the Bank.

- (b) At any time terminate this Authority as to future payments by notice in writing to me/us.

- (c) Change its current fees for this service in force from time to time.

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