What is the purpose of this update?
This document gives you information about the LifeCycle Process – example: age 40 including what fees were charged. The document will help you to compare the investment option with other investment options. New Zealand Funds Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this investment option
The objective of the LifeCycle Process is to allocate your investment across the three funds (Income Strategy, Inflation Strategy and Growth Strategy) based on your age to ensure that your investment is allocated in a manner that is consistent with your investment timeframe. At age 40, your investment will be allocated as follows: 10% to the Income Strategy; 20% to the Inflation Strategy; and 70% to the Growth Strategy.

<table>
<thead>
<tr>
<th>Total value of the investment option</th>
<th>$4,676,185</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of investors in the investment option</td>
<td>45</td>
</tr>
<tr>
<td>The date the investment option started</td>
<td>25 January 2017</td>
</tr>
</tbody>
</table>

What are the risks of investing?
Risk indicator for the LifeCycle Process – example: age 40: 1

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

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.nzfunds.co.nz/AdviceSolutions/RiskProfile/

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

The risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 September 2017. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future investment updates.

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

How has the investment option performed?
The market index annual return is based on a composite of the market index returns for each Strategy weighted to reflect the investment option's allocation to each Strategy. The relevant market indices and weighting are set out in the Statement of Investment Policy and Objectives (SIPO). Additional information about the market index is available on the offer register at www.companiesoffice.govt.nz/disclose.

<table>
<thead>
<tr>
<th>Annual return (after deductions for charges and tax)</th>
<th>not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual return (after deductions for charges but before tax)</td>
<td>not applicable</td>
</tr>
<tr>
<td>Market index annual return (reflects no deduction for charges and tax)</td>
<td>13.52%</td>
</tr>
</tbody>
</table>

What are the risks of investing?
Risk indicator for the LifeCycle Process – example: age 40: 4

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

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.nzfunds.co.nz/AdviceSolutions/RiskProfile/

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

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

What fees are investors charged?
Investors in the LifeCycle Process – example: age 40 investment option are charged fund charges. Based on the PDS dated 30 June 2017, these are estimated to be:

<table>
<thead>
<tr>
<th>Total fund charges (estimated)</th>
<th>1.67%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total management and administration charges (estimated)</td>
<td>1.67%</td>
</tr>
<tr>
<td>Including:</td>
<td></td>
</tr>
<tr>
<td>Manager's basic fee</td>
<td>1.42%</td>
</tr>
<tr>
<td>Other management and administration charges</td>
<td>0.25%</td>
</tr>
<tr>
<td>Total performance-based fees</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the NZ Funds Managed Superannuation Service 'Other Material Information' document on the offer register at www.companiesoffice.govt.nz/disclose for more information about those fees.

Small differences in fees and charges can have a big impact on your investment over the long term.
Example of how this applies to an investor

Liam had $10,000 in the investment option at the start of the year and did not make any further contributions. At the end of the year, Liam received a return after fund charges were deducted of $1,352 (that’s 13.52% of his initial $10,000). Liam did not pay any other charges. This gives Liam a total return after tax of $1,352 for the year.

What does the investment option invest in?

For information on the types of assets that each Strategy in the LifeCycle Process invests in and the top 10 investments for each Strategy, see the separate fund update for each Strategy for the quarter ending 30 September 2017. Copies of these fund updates are available at www.nzfunds.co.nz.

Key personnel

For information on the directors and employees who have the most impact on the investment decisions of each Strategy in the LifeCycle Process, see the separate fund update for each Strategy for the quarter ending 30 September 2017. Copies of these fund updates are available at www.nzfunds.co.nz.

Further information

You can also obtain this information, the PDS for the NZ Funds Managed Superannuation Service, and some additional information from the offer register at www.companiesoffice.govt.nz/disclose.

Notes

1. As the investment option started on 25 January 2017, actual returns for the last five years are not available. To calculate the risk indicator, a combination of actual returns and market index returns have been used. Market index returns were used for the period prior to 25 January 2017. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the investment option.

2. As the investment option started on 25 January 2017, historical fee information for the most recent scheme year is not available. The total fund charges shown are based on the fee information in the PDS dated 30 June 2017. It includes our best estimate of the fees and costs that will be charged to the investment option including fees and costs payable in respect of the underlying funds in which the investment option invests (including performance fees that may charged by underlying external managers). For more information on the basis of estimates, see the PDS and the NZ Funds Managed Superannuation Service ‘Other Material Information’ document on the offer register at www.companiesoffice.govt.nz/disclose.

3. As the investment option started on 25 January 2017, this calculation is based on the market index return for the past year.