What is the purpose of this update?

This document tells you how the LifeCycle Process - age 0-54 has performed and what fees were charged. The document will help you to compare the fund with other funds. 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 0-54, your investment will be allocated as follows: 5% to the Income Strategy; 10% to the Inflation Strategy; and 85% to the Growth Strategy.

How has the investment option performed?

<table>
<thead>
<tr>
<th></th>
<th>Past year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual return (after deductions for charges and tax)</td>
<td>4.96%</td>
</tr>
<tr>
<td>Annual return (after deductions for charges but before tax)</td>
<td>6.05%</td>
</tr>
<tr>
<td>Market index annual return (reflects no deduction for charges and tax)</td>
<td>10.90%</td>
</tr>
</tbody>
</table>

The market index annual return is based on a composite of the market indices 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. Additional information about the market index is available on the offer register at wwwcompaniesoffice.govt.nz/disclose/.

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

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

What are the risks of investing?

Risk indicator for the LifeCycle Process – age 0-54:

1. Lower risk
2. Higher risk
3. Potentially lower returns
4. Potentially higher returns

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

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at 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 31 March 2018. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.
What fees are investors charged?

Investors in the LifeCycle Process - age 0-54 are charged fund charges. In the year to 31 March 2018 these were:

<table>
<thead>
<tr>
<th>% of net asset value</th>
<th>Total fund charges</th>
<th>2.28%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total management and administration charges</td>
<td>2.28%</td>
</tr>
<tr>
<td></td>
<td>Including:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manager’s basic fee</td>
<td>1.46%</td>
</tr>
<tr>
<td></td>
<td>Other management and administration charges*</td>
<td>0.82%</td>
</tr>
<tr>
<td></td>
<td>(estimate)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total performance-based fees</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Note: Included within ‘Other management and administration charges’ are performance-based fees charged by external managers of underlying funds that the investment option invested into which totalled 0.66%. Performance-based fees are subject to market movements and external manager performance and the amount of these fees for any given period may materially differ from those disclosed for the year to 31 March 2018.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for the NZ Funds Managed Superannuation Service 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 fund 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 $496 (that’s 4.96% of his initial $10,000). Liam did not pay any other charges. This gives Liam a total return after tax of $496 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 31 March 2018. 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 31 March 2018. 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 The bar graph shows investment option returns after the deduction of fees and tax; however, the market index returns are shown before any fees or tax are deducted.

3 Other management and administration charges comprise:
   (a) operating costs directly incurred by the investment option; and
   (b) annual management fees, performance-based fees and operating costs incurred by underlying funds the investment option invests into.

Estimates were used when deriving annual management fees, performance-based fees and operating costs incurred by the following underlying funds the investment option invested into.

Fund Information and assumptions used to make estimates

Kuvari Focus Fund  Fee and operating cost amounts are estimated using fee targets provided by the manager of the Kuvari Focus Fund.

Paulson International Fund  The fee and operating cost amount obtained from the administrator of the Paulson International Fund was for the period to 30 September 2017.

Suvretta Offshore Fund  The fee and operating cost amount obtained from the manager of the Suvretta Offshore Fund was for the year to 31 December 2017. Performance fee amounts are estimated using the same criteria used by the manager of the Suvretta Offshore Fund.

Impala Resource Fund  Fee and operating cost amounts are estimated using fee targets provided by the manager of the Impala Resource Fund was for the year to 31 December 2017. Performance fee amounts are estimated using the same criteria used by the manager of the Impala Resource Fund.