

Fund Update for the Britannia Retirement Scheme – Lifetime Income Fund

For the quarter ended 30 June 2021.

This Fund Update was first made publicly available on 27 July 2021.

WHAT IS THE PURPOSE OF THIS UPDATE?

This document tells you how the Lifetime Income Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Britannia Financial Services 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 FUND

The objective of the Lifetime Income Fund is to turn members' investments into a Retirement Income for the rest of their life. It invests members' money in a balanced diversified portfolio and insures their retirement income with Lifetime Income Limited, an insurance company licensed by the RBNZ.

The currency hedging objective for the Lifetime Income Fund is for the entire Fund to be hedged against changes in the value of the New Zealand dollar. While this Fund has a 100% hedging objective, a hedging range of 90% to 100% will be acceptable and within the limits set by the fund's SIPO. At quarter-end the Lifetime Income Fund had no material exposure to unhedged foreign currency denominated investments.

The Lifetime Income Fund is currently not accepting investments from new or existing members and is likely to be wound up if Lifetime Income Limited, the insurer of members' retirement incomes, is unable to continue to provide retirement income insurance cover at a reasonable cost. If that occurs, fund member's will have their Lifetime Income Fund account balance transferred to the Moderate Fund (unless the member chooses to transfer their investment into an alternative investment option) and may become entitled to share in any compensation paid to the Fund by Lifetime Income Limited.

Total value of the Fund	\$11,433,926
Number of investors	77
Date the Fund started	1 May 2018



WHAT ARE THE RISKS OF INVESTING?

Risk indicator for the Lifetime Income Fund*



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

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

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

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on returns data for the five year period ending on 30 June 2021. 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.

** The fund does not have a full 5-year return history as it started on 1 May 2018. The investment policy for the fund changed in December 2019 to adopt a target asset allocation which is a 50 / 50 blend of the target asset allocations used for the scheme's Moderate and Balanced funds. For this reason, to best calculate the fund's risk indicator, we have used (i) market index returns up until the launch of the Balanced and Moderate funds (May 2017 and July 2017 respectively); (ii) actual returns from the scheme's Balanced and Moderate funds (where available) up until December 2019 and (iii) from December 2019, when actual returns for the Lifetime Income Fund were generated under its new investment policy, the fund's own return. The risk indicator may therefore provide a less reliable indicator of the potential future volatility of the fund.*

HOW HAS THE FUND PERFORMED?

	Past year
Annual return (after deductions for charges and tax)	15.09%
Annual return (after deductions for charges but before tax)	15.51%
Market index annual return (reflects no deductions for charges and tax)	13.18%

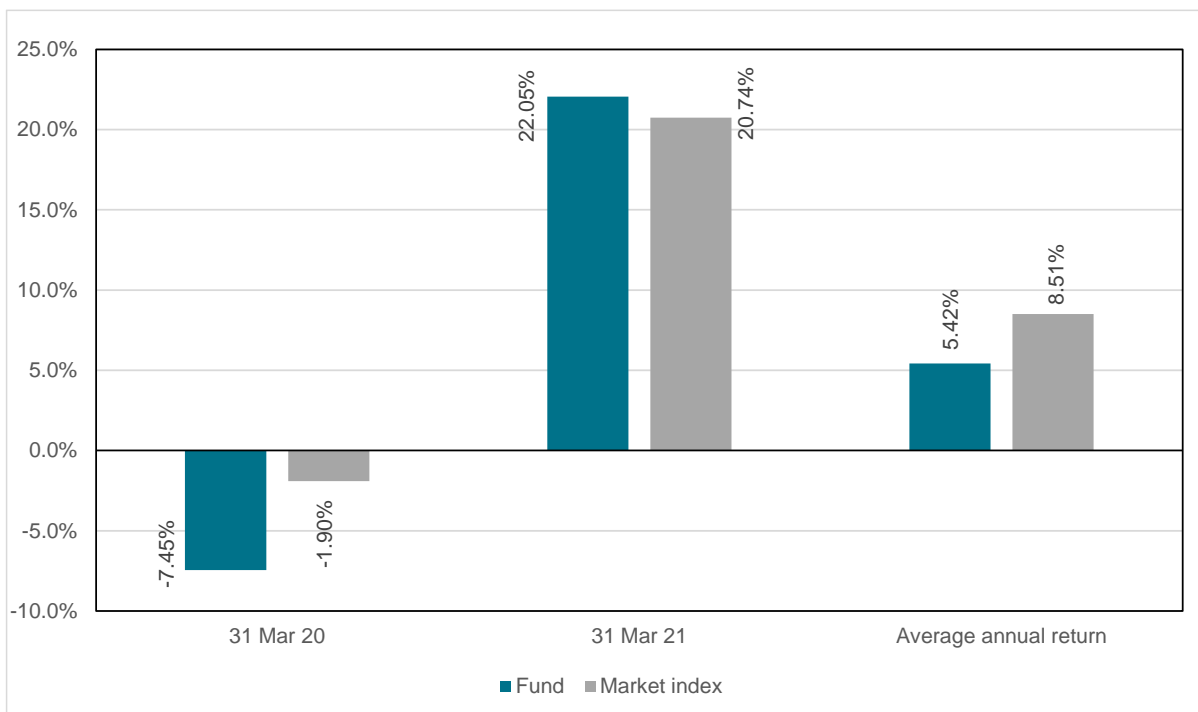


The market index annual return is based on the weighted average return of the market indices used to measure performance of the fund's underlying investments/assets. The Statement of Investment Policies and Objectives for the Britannia Retirement Scheme was revised on 1 June 2021. These revisions altered the market indices on which the market index returns are based.

Additional information about the market indices used in calculating the market index annual return for the fund is available on the offer register.

The benchmark indices are defined in the Statement of Investment Policy and Objectives for the Britannia Retirement Scheme.

Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 June 2020¹.

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 FEES ARE INVESTORS CHARGED?

Investors in the Lifetime Income Fund are charged fund charges. In the year to 31 March 2021 these were²:

	% of net asset value
Total fund charges	2.35%
Which are made up of –	
Total management & administration charges:	1.15%
Including –	
Manager's basic fee	0.64%
Other management and administration charges	0.51%
Other charges	
Insurance Premium charges as a percentage of the member's Protected Income Base ³	1.20%

Investors may also be charged individual action fees for specific actions or decisions (for example, transfer out, early withdrawal, benefit calculation or overseas exchange of information fees). See the PDS, Other Material Information and Additional Other Material Information - Lifetime Income Fund documents for more information about those fees. These documents can be found at www.companiesoffice.govt.nz/disclose.

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

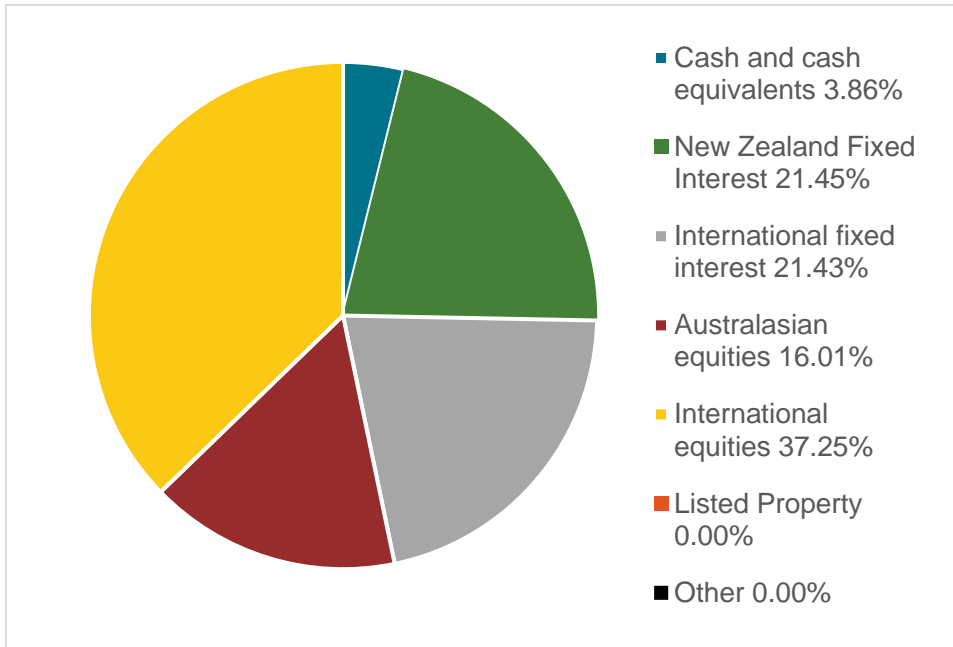
Liz had \$10,000 in the fund a year ago and did not make any further contributions. At the end of the year, Liz received a return after fund charges were deducted of \$1,551 (that is 15.51% of her initial \$10,000). Liz also paid an insurance premium of \$120. This gives Liz a total return after tax of \$1,389 for the year.⁴



WHAT DOES THE FUND INVEST IN?

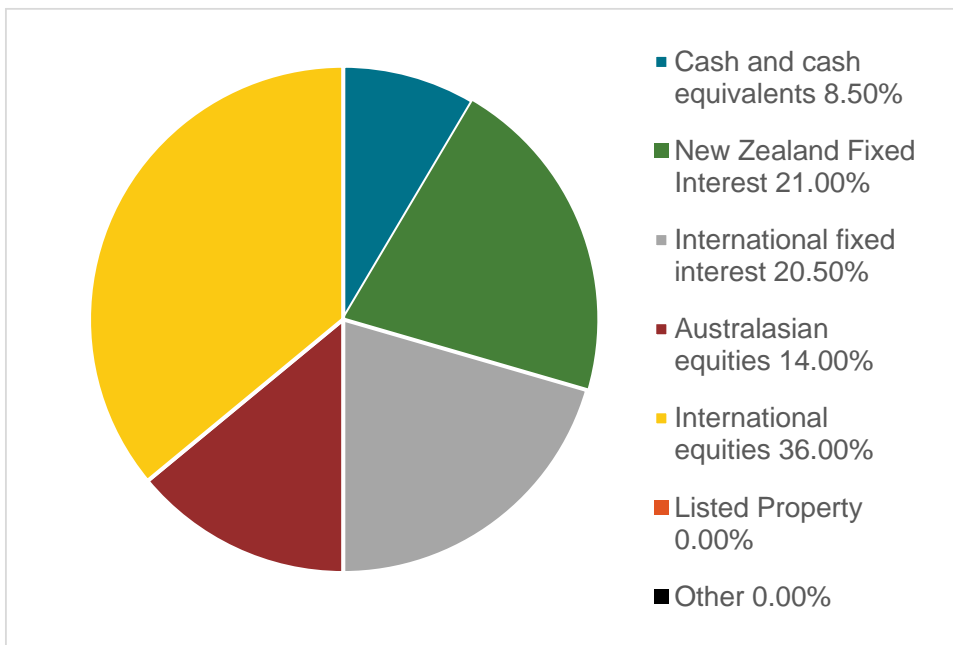
Actual investment mix⁵

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



Target investment mix⁵

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





Top 10 investments

Name	% of fund net assets	Type	Country
IOOF Profile International Shares - Hedged	37.23%	International equities	AU
Harbour NZ Core Fixed Interest Wholesale Fund	21.45%	New Zealand fixed interest	NZ
Dimensional 5 Year Diversified Fixed Interest Fund - NZD	21.43%	International fixed interest	AU
Harbour NZ Index Shares Fund	11.31%	Australasian equities	NZ
BNZ Call Account (Credit Rating AA-)	4.70%	Cash and cash equivalents	NZ
IOOF Profile Australian Shares	4.49%	Australasian equities	AU
IOOF Profile International Shares - Hedged	0.21%	Australasian equities	AU
Harbour Enhanced Cash Fund	0.14%	Cash and cash equivalents	NZ
Debtors	0.04%	Cash and cash equivalents	NZ
Hedges	0.02%	Cash and cash equivalents	NZ

The Top 10 investments comprise 100% of the net asset value of the fund.⁶

KEY PERSONNEL

This table shows the 5 people who are directors or employees of the manager, of the investment manager, or of a related body corporate of either of them who have the most impact on investment decisions in relation to the Lifetime Income Fund as at the relevant date.

Name	Current position	Time in current position	Previous other/position	Time in previous/ other position
Gavin Dixon	Chief Executive Officer and Director at Britannia Financial Services Ltd	5 years 6 months	Chief Executive Officer at Stream Holdings Group	0 years 6 months
Alun Rees-Williams	General Manager Distribution and Director at Britannia Financial Services Ltd	20 years 8 months	Administration Manager at David Milner and Associates	9 years 0 months
Gregg Dell	General Manager of Wealth Products and General Counsel at Britannia Financial Services Ltd	5 years 4 months	Managing Director at Dell Consulting Ltd (Current Position)	7 years 4 months
Michael Pipe	General Manager - Operations at Britannia Financial Services Ltd	1 year 2 months	Operations Manager at IOOF New Zealand Limited	9 years 7 months
Elaine West	Financial Controller at Britannia Financial Services Ltd	3 years 11 months	Financial Controller at NZ Venture Investment Fund	8 years 5 months



FURTHER INFORMATION

You can also obtain this information, the Product Disclosure Statement for the Britannia Retirement Scheme and some additional information from the offer register at www.companiesoffice.govt.nz/disclose.

NOTES

¹ The average annual return of the market index is shown before deductions for fund charges and tax at the highest prescribed investor rate. The average annual return for the fund is shown after deductions for fund charges and tax at the highest prescribed investor rate.

The Statement of Investment Policies and Objectives for the Britannia Retirement Scheme was revised on 1 June 2021. These revisions altered the market indices on which the market index returns are based. This may affect the comparability of the return information provided.

² Fund Charges are exclusive of GST and are made up of the management fee, the underlying fund managers' fees and other administration fees, which are accrued on a daily basis and reflected in the unit price of the Funds. The Manager also charge reasonable auditing and other professional services charges to the fund in the future. Currently the Manager does not charge these fees to the fund, so the fee for these professional services is nil.

³ An insurance premium is paid to Lifetime Income Limited for an income insurance policy. The insurance premium is 1.20% of the Protected Income Base. See the Additional Other Material Information – Lifetime Income Fund document for details. This document can be found at www.companiesoffice.govt.nz/disclose.

⁴ If Liz joined the Lifetime Income Fund in October 2020, is 60 years of age, has opted to receive her Lifetime Withdrawal Benefit and her Protected Income Base was \$10,000, she will receive a retirement income of \$270 (2.70%) for the year after tax and fees.

⁵ Other assets comprise international infrastructure investment fund assets.

⁶ As the cash investments of the fund are primarily effected by investing into the Britannia Retirement Scheme's own Cash Enhanced Fund, the Top 10 investments list shows the fund's cash investment holdings as if the underlying Cash Enhanced Fund holdings were individual assets held by itself.