

Protecting your business, income and lifestyle

Can you afford *not* to be insured?

Would your business and family lifestyle survive if you couldn't work for six months or more?

Loans and responsibilities don't disappear if you get sick.

Fidelity Life can provide options to make sure that financial commitments are covered if you or another of the business's key people couldn't work for an extended period of time.

ACC doesn't cover all accidents. It doesn't cover illness at all.

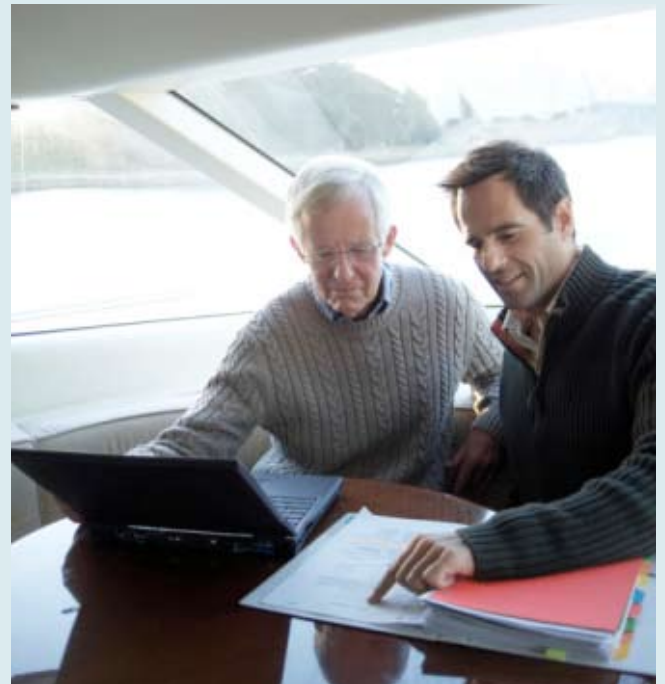
Are you confident that your income would be covered if you didn't qualify for ACC cover? Extra costs including loss of productivity and recruiting replacement people have to be met by the business.

Circumstances and businesses change.

When you first went into business, certain things were important to protect. Have you recently reviewed your insurance requirements to ensure that your cover fits your current needs?

Everyone's needs are different.

Are you sure that your personal, family and business needs are covered?



If you are unsure about any business insurance cover that you have, or you are thinking about getting business insurance, you need to talk to an independent financial adviser. Contact Fidelity Life on 0800 88 22 88 and we will be happy to put you in touch with an adviser near you.

What do the recent KiwiSaver changes mean to you?

A number of KiwiSaver changes took effect on 1 April 2009. Here *Focus* looks at what the changes could mean to you.

The minimum employee contribution is now 2% of your gross pay (previously 4%)

If you (or a friend or family member) have not joined Fidelity KiwiSaver because you thought you couldn't afford the contributions, this is great news. You can now join and only contribute 2% of your gross pay, get the \$1,000 kick start contribution and, if you are eligible, member tax credits and employer contributions.

Reducing contributions – a better option than a contributions holiday

If you are currently a Fidelity KiwiSaver member contributing 4% and you are considering taking a contributions holiday, you should think about reducing the amount you contribute to 2% instead. This way you can still receive member tax credits and compulsory employer contributions (if eligible). Please contact your employer if you wish to reduce your contribution.

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Maximise tax credits – by topping up contributions

The maximum tax credit available is \$1,042 per annum.* To ensure you take advantage of this, make sure you have contributed at least that amount yourself. If you haven't – top up your contributions by making a lump sum payment to Fidelity Life or setting up an automatic payment to the IRD's bank account. Please contact us if you need forms to do this.

*Eligibility criteria apply. A proportionate amount of tax credits is available in the first year you are a KiwiSaver member.

Employer contribution increased to 2%

From 1 April, your employer's contribution increased automatically from 1% to 2%. That means your employer is putting even more money in your KiwiSaver account – nice! Of course you have to be an employee to qualify. (You are not eligible for employer contributions until you reach the age of 18, something to look forward to in the future!)

The \$40 annual fee subsidy was removed from 1 April 2009

Join the Fidelity KiwiSaver Scheme now.

If you're not already a member of the Fidelity KiwiSaver Scheme, it's so easy to join or change from another provider. All you have to do is fill in the enrolment form in the Fidelity KiwiSaver Investment Statement, and we'll do the rest. Get your hands on a free Fidelity KiwiSaver Scheme Investment Statement by contacting a financial adviser who's promoting Fidelity KiwiSaver, calling the Fidelity KiwiSaver team on **0800 88 KIWI (0800 88 5494)**, or downloading it from the Fidelity KiwiSaver Scheme section of the Fidelity Life website www.fidelitylife.co.nz.

Don't forget the children!

Now is a great time to enrol your children with the Fidelity KiwiSaver Scheme. They'll receive the \$1,000 kick start contribution and they'll learn about saving for the future.



What makes the Fidelity KiwiSaver Scheme so good?

- ▶ Fidelity Life is a 100% New Zealand-owned and managed company.
- ▶ You can spread your investment across any of seven funds available through the Fidelity KiwiSaver Scheme. You can choose up to four funds to invest in, according to the sort of investment you want to make.
- ▶ Our Capital Guaranteed Kiwi Fund offers a great investment opportunity for investors who want to keep the risk of capital loss to a minimum (for further detail, see below**).
- ▶ Free death by accident 'top up' insurance cover. If you are a contributing Fidelity KiwiSaver Scheme member and your Fidelity KiwiSaver account balance is less than \$10,000 and you die as a result of an accident, Fidelity Life will 'top up' the balance to \$10,000. Terms and conditions apply; please see the Fidelity KiwiSaver Scheme Investment Statement for details.
- ▶ We are one of the KiwiSaver providers offering mortgage diversion
- ▶ Round the clock access to your account information at www.fidelitylife.co.nz.
- ▶ Plus you'll get all the other KiwiSaver benefits you are entitled to.

If you're not a member of the Fidelity KiwiSaver Scheme, join us now!

FIDELITY KIWISAVER SCHEME INVESTMENT RETURNS

(before tax and after management fees)

For the period ended 31 March 2009 (see notes 1, 2, and 3)

Fidelity KiwiSaver Scheme Funds	Quarter	Six months	Year
Conservative Kiwi	-2.61%	-3.93%	-1.19%
Balanced Kiwi	-5.13%	-6.61%	-5.02%
Growth Kiwi	-7.47%	-12.93%	-13.57%
Aggressive Kiwi	-2.71%	-15.53%	-15.34%
Options Kiwi*	12.96%	-13.52%	-1.50%
Ethical Kiwi	-2.46%	-10.39%	n.a.
Capital Guaranteed Kiwi**	-0.01%	0.08%	n.a.

Please note: The annual return for the Fidelity Life Capital Guaranteed Kiwi Fund** and the Ethical Kiwi Fund is not available as the Funds have not been in existence for 12 months.

1. Past performance is not necessarily an indicator of future performance.
2. The returns shown do not allow for administration, switching fees or mortgage diversion fees:
 - The administration fee is \$3 per member per month
 - The first switch between funds each year is free. Additional switches will incur a fee of \$60 per switch.
 - A fee of \$25 applies to set up mortgage diversion. There is no ongoing fee.
3. The returns are shown before tax. Your after tax return will depend on your Prescribed Investor Rate (PIR). Please regularly review your PIR and, if it has changed, update your Fidelity KiwiSaver details at www.fidelitylife.co.nz.

* The Options Kiwi Fund has a high risk profile and is subject to significant volatility. The Options Kiwi Fund uses leverage and derivatives (options contracts) that could enhance any returns or generate substantial losses. As with all of the Fidelity KiwiSaver Scheme funds, please consult your financial adviser on what proportion of your retirement savings should be in the Options Kiwi Fund.

** The Guarantee is provided by Fidelity Life Assurance Company Limited ("Fidelity Life") to the Trustee (Guardian Trust Superannuation Trustees Limited) of the Fidelity KiwiSaver Scheme. The guarantee is given by Fidelity Life in its capacity as the administration and investment manager of the Scheme and is conditional upon this appointment continuing. Fidelity Life's obligations under the guarantee are unsecured and will rank behind all secured and preferential creditors of Fidelity Life, together with all life insurance policy holder liabilities and will rank equally with all other unsecured creditors. For further details as to the terms and conditions of the guarantee please refer to the Fidelity KiwiSaver Scheme Investment Statement.

Covering all your bases

Craig*, a self-employed plumber, had two Fidelity Life policies, covering himself and his family in case he fell ill and was unable to go to work.

One policy had the following benefits:

- ▶ Income Protection – pays a monthly amount in the event of disability or illness.
- ▶ Waiver of Premium – means that Fidelity Life pays the policy premiums during a claim.
- ▶ Life Cover – if the person insured becomes terminally ill or dies, a lump sum payment will be made to the policy owner.
- ▶ Life Care – a critical illness benefit linked to Life Cover (see box).

The other policy included Waiver of Premium and:

- ▶ Stand Alone Critical Care – which is designed to help meet the costs in the event of serious illness, with a lump sum payment.
- ▶ Family Income Plan – which pays a monthly benefit upon death of the insured (with options for trauma or total and permanent disablement). Craig's policy included trauma cover.

When Craig found out the crushing news that he had cancer, both his Fidelity Life policies started paying out. After his four-week stand down period, his Income Protection payments started. Fidelity Life also paid him one fifth of his Life Care Benefit. On his second policy Fidelity Life paid out his Critical Care cover as a lump sum.

What is Life Care?

Life Care is an accelerated critical illness benefit linked to Life Cover. Instead of providing one lump sum payment, and finishing, Life Care pays a lump sum of 20% of the sum assured if the insured person suffers one of the medical conditions covered by the policy. Any amount paid will be deducted from the value of the Life Cover. Up to five claims can be made with cover available for life. This is a cost effective way of retaining Critical Care cover throughout one's lifetime.

In addition, after the four-week stand down period under his Waiver of Premium Benefit, his premiums for both policies were also paid for by Fidelity to keep Craig insured.

Two years later, Craig found out that the cancer had progressed to a terminal illness. Under his Life Cover, he received the balance of what was left after his first Life Cover claim. As he'd also bought Family Income Plan with trauma cover, after a four-week stand-down, a regular payments started.

Fidelity Life offers a whole range of insurance products that can be tailored to meet your individual needs and budget. Talk to your adviser about what's right for you.

* Names and personal details changed to protect privacy. This information is indicative only, and is provided as an example to illustrate the benefits available under Life Care from Fidelity Life. Talk to your independent financial adviser about your options and what's right for you.

IMPORTANT DISCLAIMER – This policy summary is not, and is not intended to be, a policy document. Details of definitions, benefits, terms and conditions (including limitations and exclusions) are contained in the official policy document which is available from your financial adviser. All applications are subject to individual consideration. You should read the policy document carefully to make sure you understand exactly what cover is provided under each benefit.

Quarterly investment update

PORTFOLIO PERFORMANCE

Average return (after tax, after manager's fees)

For the period ended 31 March 2009

Portfolio	Past month	Past quarter	Past year	Last 3 yrs % p.a.	Last 5 yrs % p.a.	Morningstar ranking (one year)
DIVERSIFIED						
Conservative	-0.11%	-0.49%	-0.38%	+1.36%	+3.42%	4/8
Balanced	-0.52%	-2.98%	-7.78%	-2.81%	+1.81%	2/57
Ethical	-2.71%	-2.21%	n.a.	n.a.	n.a.	n.a.
Growth	-1.32%	-5.49%	-15.67%	-7.29%	+0.10%	3/21
Aggressive	+0.45%	+0.65%	-17.59%	-7.92%	+0.38%	1/34
SECTOR						
Cash	+0.11%	+0.66%	+4.53%	+4.67%	+4.37%	n.a.
Mortgage	+0.36%	+0.97%	+5.44%	+5.41%	+5.23%	4/9
NZ Fixed Interest	-1.63%	-0.83%	+4.54%	+2.57%	+3.19%	16/25
Options	+3.34%	+12.96%	-4.12%	+3.79%	n.a.	21/36
Property	+0.32%	-1.01%	+2.54%	+3.85%	+2.81%	1/8
NZ/Australian shares	+1.96%	-1.13%	-20.04%	-9.62%	-0.31%	13/24
International	-3.66%	-10.72%	-26.99%	-14.29%	-3.62%	14/34

Notes for Fidelity Life Plans: 1. Past performance is not necessarily an indicator of future performance. 2. The returns shown do not allow for front-end, renewal, withdrawal or alteration of fees. 3. There are no withdrawal fees on Life Bonds. On Power Saver/Super Plans there is an alteration fee of \$60 if there is more than one withdrawal in a financial year. For other plans the fee on withdrawal is 5% reduced by 1% p.a. in the four years prior to the maturity date plus an alteration fee of \$60. 4. The current rate of tax for life insurance companies is 30%. The rate of taxation may change. 5. Both the Options and Aggressive Portfolios invest in options contracts in a leveraged manner. 6. An investment statement is available for Fidelity Life Products detailed in Focus. Please contact your adviser or us (contact details on the back page) for a free copy.

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Economic Summary

As suggested in the last issue of Focus, the state of investment markets worsened in the first quarter of 2009. While parts of the global economy showed glimmers of a recovery, other areas deteriorated. We expect these conditions to continue well into this year with sporadic periods of optimism. There continues to be more downside risks in the economic system, but the effects of unprecedented levels of financial stimulus and policy incentives being adopted across numerous global economies appear to be preventing a further deterioration to the same scale as in 2008.

Cash

The Reserve Bank of New Zealand sustained its aggressive rate cutting policy, reducing the official cash rate to 2.5%.

NZ Fixed Interest

New Zealand Fixed Interest market deteriorated during the quarter. Corporate bonds continued underperforming compared to Government securities, as large volumes of new issues pushed credit margins wider. Longer term rates started rising because of household borrowers moving from floating to fixed mortgage rates.

Australasian Equities

Following some very difficult market conditions at the start of the quarter, domestic equities rallied in March with the NZX50 index gaining 2.7%. This movement matched global equity market trends.

Global Equities (SRI)

Global equities SRI portfolios have benefitted over the past few months largely as a result of their limited exposure to financial stocks, which have suffered dramatic losses.

Mortgages

Returns are expected to fall in line with falling floating rates.

NZ Property

A steady return was achieved from the fully tenanted commercial office. The return reflects an updated capital value as at 31 December 2008.

This commentary is provided by Tyndall Investment Management New Zealand Ltd and Fidelity Life Assurance Company Limited. It is based on the following references: Reserve Bank of New Zealand Monetary Policy Statement www.rbnz.govt.nz, HUGO vision, www.nzherald.co.nz, BANCORP Treasury Trends (March 2009).

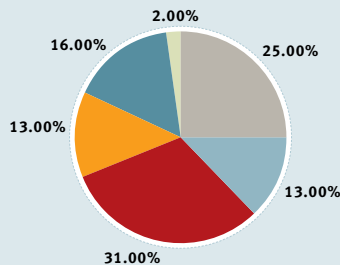


DID YOU KNOW?

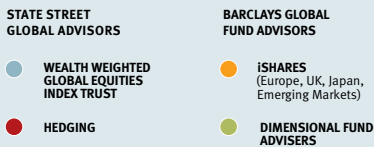
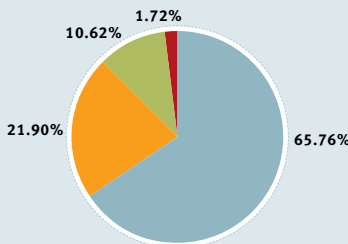
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International Investment Portfolio

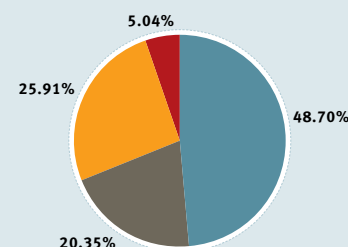
Country Split



Asset Split

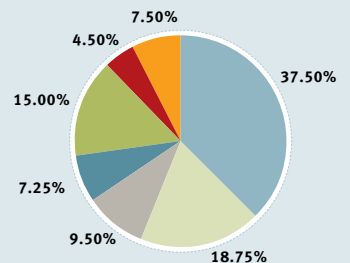


Aggressive Portfolio

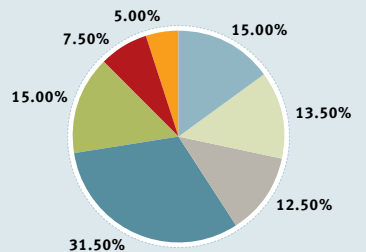


Asset Split

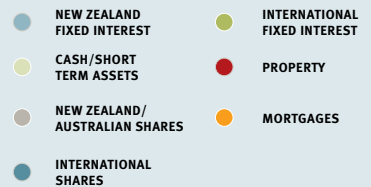
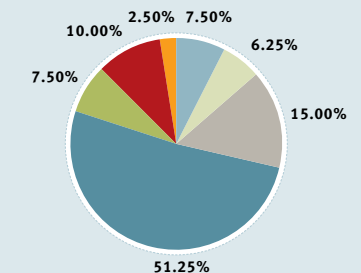
Conservative Portfolio



Balanced Portfolio



Growth Portfolio



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