

Spotlight on KiwiSaver

We are still surprised when we meet lots of people who don't know that all New Zealanders over 18 and under 65 are entitled to up to \$6,000 of government subsidies in the first five years, even if they are not working, when regularly contributing to KiwiSaver.

If you contribute \$20 per week into your KiwiSaver account, the government will match your contributions up to \$1,042.86 per year, on top of an initial \$1,000 kick start.

On this basis, assuming contribution levels remain the same, over 25 years you'll get \$27,000 from the Government.

And don't forget that if you are working, you'll get employer contributions as well.

Imagine if a friend said to you "give me \$10 and I'll put \$30 in the bank for you", wouldn't you think that was an amazing deal? Simply put, that's what KiwiSaver is. When you add up your personal, government tax credit and employee contribution, plus investment returns, you'd be surprised how quickly your money grows.

If you are not already a KiwiSaver member then contact your adviser, or call Fidelity Life on 0800 88 KIWI, for a Fidelity KiwiSaver Scheme investment statement. It has all the details about the different funds you can invest your money in, and other benefits such as our free accidental death benefit top-up. Our KiwiSaver members can watch their money grow, by viewing their statement online anytime they like.

Visit www.fidelitylife.co.nz for more information or email us at kiwisaver@fidelitylife.co.nz.

Why choose the Fidelity KiwiSaver Scheme as your 'employer choice scheme'?

All Fidelity KiwiSaver members who are regularly contributing to KiwiSaver have free 'death by accident' top-up cover.* If you were to die by accident, your Kiwisaver balance will be 'topped up' to \$10,000 by Fidelity Life before being paid to your estate.

Even better news: If your employer has chosen the Fidelity KiwiSaver Scheme as their preferred provider, the top up can be up to the value of \$15,000. To qualify, employers must have at least 10 employees contributing to KiwiSaver.

* This "top up" is available only if, at the date of death, the member was making regular contributions and was under the age of eligibility for NZ Superannuation. Please note, if you are under the age of 10 years, Fidelity Life will top up any payment to \$2,000 only in accordance with the provisions of the Life Insurance Act 1908.



Has your life changed?

Is it time to review your insurance? When life changes, make sure your insurance changes too.

- ▶ Have you bought a new house or property or topped up your mortgage?
- ▶ Changed jobs, or had a pay rise?
- ▶ Got married, entered into a civil union or moved in with your partner?

- ▶ Celebrated a new arrival to the family or planning to have another baby?
- ▶ Started your own business?

If these significant events have happened to you recently, your responsibility will have increased. It's worth considering a review with your insurance adviser to ensure your insurance cover is still relevant to your circumstances.



FIDELITY KIWISAVER SCHEME INVESTMENT RETURNS UPDATE

(before tax and after management fees)

For the two years ended 31 October 2009 (see notes 1, 2, and 3)

Fidelity KiwiSaver Scheme Funds	Funds type	Two year return to 31 October 2009*	
		Return	Fidelity Life's Ranking
Conservative Kiwi	Defensive	3.41%	11/19
Balanced Kiwi	Balanced	4.33%	4/29
Growth Kiwi	Growth	1.43%	5/22
Aggressive Kiwi	Growth	2.86%	6/22
Options Kiwi**	Other	2.07%	n.a.

Please note:

1. Past performance is not necessarily an indicator of future performance.
2. The returns shown do not allow for administration or switching 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.
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.

* Source: Fundssource – some scheme providers do not provide data and are therefore not included in this comparison.

** 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.

ECONOMIC SUMMARY

Through the third quarter of 2009, economic data continued to improve in several developed countries: Germany, France and Japan registered positive GDP growth in the second quarter, while the economic contraction in the US was less severe than expected.

As such, the strong surge in global equity markets continued into the September quarter of 2009.

In relation to specific types of investment:

Cash

New Zealand short-term interest rates were relatively stable over the quarter. 90-day Bank Bill yields finished 0.02% lower in yield closing at 2.81%, and the 1-year Bank Bill rates were 0.33% higher in yield at 3.33%.

The New Zealand economy continues to show signs of improvement. There has been a strong turnaround in net migration, business and consumer confidence is improving, credit markets are starting to heal and the domestic housing market is more robust. The economy broke five quarters of recession by growing a modest 0.1% in the June quarter.

NZ Fixed Interest

The volatility of global financial markets declined during the quarter as investor confidence climbed. This led to strong demand for quality assets as investors moved away from cash. Returns are close to zero on cash in many countries and are unlikely to move up until 2010. Corporate credit margins declined and credit rating agencies have reduced their expectations of defaults in the US market.

The NZ yield curve flattened over the quarter as longer maturities rallied lower in yield and short-term interest rates shifted higher. New Zealand has a 2.80% yield gap between the 1-year bank rate and the longest Government bond, the 15 Sept 2021. The yield gap narrowed from near term historic highs of 3.50% in the June quarter.

Australasian Equities

Over the quarter economic data suggested that the worst is behind us and that the recovery appears to be slowly starting. A cautionary corporate outlook could not dampen the demand for shares and the global market gains were one of the strongest rallies in recent times. The New Zealand market naturally followed global trends, rising strongly during the quarter on the back of improved investor appetite.

The best performers were Nuplex (+63%), Cavalier (+48%) and ANZ (+46%). The worst performers were PGG Wrightson (-43%), NZ Refining (-33%) and Pike River (-14%).

The Australian market was very strong with the Financial, Industrial and Consumer Discretionary sectors the top performers. The S&P/ASX 200 index rose 21.5% over the quarter. NZD appreciated 2.3% against the AUD over the quarter leading to unhedged AUD returns being lower when measured in NZD.

FIDELITY LIFE PORTFOLIO PERFORMANCE

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

For the period ended 30 October 2009

Portfolio	Past month	Past quarter	Past year	Last 3 yrs % p.a.	Last 5 yrs % p.a.	Morningstar ranking (one year)
DIVERSIFIED						
Conservative	0.3%	1.90%	8.39%	2.94%	4.54%	1/9
Balanced	-0.59%	1.38%	9.39%	0.45%	3.97%	4/50
Ethical	-0.13%	1.41%	n.a.	n.a.	n.a.	n.a.
Growth	-1.28%	0.63%	8.33%	-2.82%	2.98%	8/18
Aggressive	-1.04%	1.19%	14.58%	-2.47%	4.92%	1/30
SECTOR						
Cash	0.14%	0.45%	2.41%	4.11%	4.17%	new fund
Mortgage*	0.29%	0.92%	4.18%	5.09%	5.16%	3/9
NZ Fixed Interest	0.36%	2.07%	4.01%	3.08%	3.68%	14/25
Options	2.11%	4.99%	6.86%	6.35%	8.83%	8/41
Property*	0.03%	0.93%	-1.21%	1.16%	2.84%	2/8
NZ/Australian shares	0.55%	6.39%	20.57%	-2.83%	+3.60%	new fund
International	-2.88%	2.04%	3.31%	-8.31%	0.40%	23/30

*Closed to new investment from 1 July 2009

Diversified portfolios (Conservative, Balanced and Growth) invest in single sector pools. These indirect investments are excluded from the portfolio size of the single sectors.

Notes: 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 fees. 3. For Plans that commenced prior to 1 July 2009: There are no withdrawal fees on Life Bonds. On Power Saver/Super Plans there is an alteration fee of \$60 per withdrawal 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 per withdrawal. 4. For Plans that commenced after 30 June 2009: There is an alteration fee of \$60 per withdrawal if there is more than one withdrawal in a financial year. 5. The current rate of tax for life insurance companies is 30%. The rate and basis of taxation may change. 6. The returns shown are net of tax and investment management fees.

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Global Equities

Manufacturing output rose in several countries whilst financial stocks were the top contributors to developed equity markets. Commodities were softer and government bond yields were generally lower. The Japanese Yen rose against most currencies while Sterling weakened. North American stocks brushed off the decline in Chinese shares and maintained their upward momentum in an environment of ample liquidity, rising earnings and thin trading volume.

Gains were concentrated in the financial sector, where profitability and investor sentiment continued to improve from their previously depressed levels. Bank of America, J.P.Morgan, Citigroup and Wells Fargo were the top four contributors to the S&P 500's advance. Shares of AIG, now largely owned by the US Government, more than tripled; the company reported a tenuous profit, helped by a change in how firms can account for troubled assets.

Equity markets gained in Europe, with investors encouraged by signs of economic growth and tame inflation data. The economic gloom throughout the Euro zone appeared to be lifting for France and Germany with both economies growing during the period when they had been expected to contract. There were also some signs that the UK economy was improving with the country's manufacturing sector expanding for the first time in more than a year.

Pacific stocks rose slightly but lagged other regions of the world, while Japan ushered in a new political era. Economic data continued to improve, though the rising Yen weighed on Japanese exporters. Hong Kong and Singapore were the only developed markets to decline, with Hong Kong hurt by its close ties to China. Australia posted healthy gains as its economy showed resilience.

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).

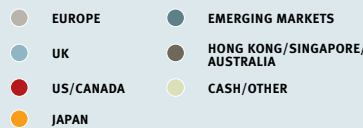
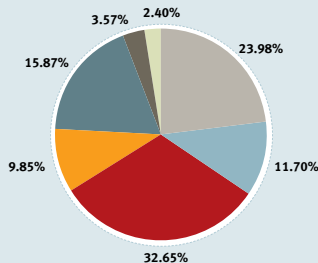


DID YOU KNOW?

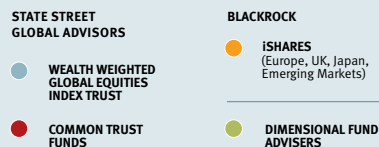
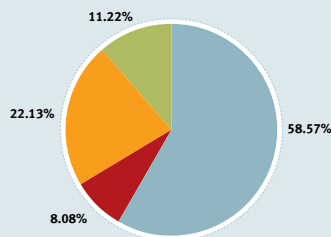
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International Investment Portfolio

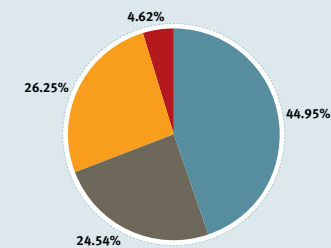
Country Split (as at 30 September 2009)



Asset Split (as at 30 September 2009)

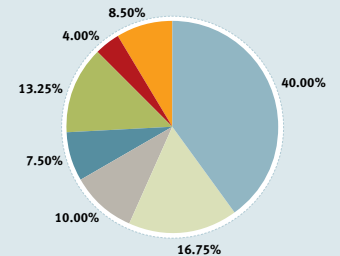


Aggressive Portfolio (as at 31 October 2009)

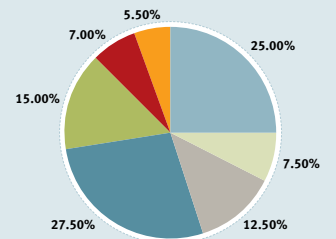


Asset Split

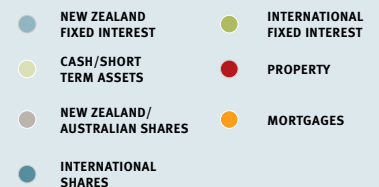
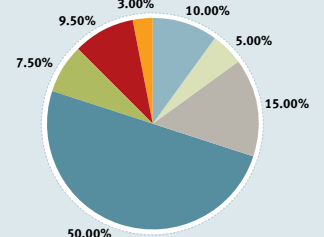
Conservative Portfolio (as at 31 October 2009)



Balanced Portfolio (as at 31 October 2009)



Growth Portfolio (as at 31 October 2009)



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