

Fidelity KiwiSaver Scheme funds investment results



*Fidelity KiwiSaver Scheme Options Kiwi Fund scores GOLD in its first year.***

In a generally gloomy economic environment, we are proud of the returns of our stable of seven KiwiSaver investment funds recently.

It's been a golden year for the Fidelity KiwiSaver Options Kiwi Fund. It was the top performing KiwiSaver Fund out of the 63 surveyed by research house FundSource for the first year of KiwiSaver to 30 September with a return of 23.28% (before tax and after management fees***). While October has not been such a good month, the Options Kiwi Fund has still returned 15.18% for the year to 31 October 2008 (before tax and after management fees).***

**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 detail as to the terms and conditions of the guarantee please refer to the Fidelity KiwiSaver Scheme Investment Statement.

***Past performance is not necessarily indicative of future performance. The Options Kiwi Fund has a high risk profile and is subject to volatility. No party guarantees the capital value or investment performance of this Fund. Please consult your financial adviser on what proportion of your retirement savings should be in the Options Kiwi Fund. The ranking relates only to the funds included by FundSource in its monthly performance data. Not all KiwiSaver funds are included in the FundSource data.



Three great reasons to join the Fidelity KiwiSaver Scheme:

- 1 Leading fund performance*
- 2 Innovative investment funds – Capital Guaranteed Kiwi Fund**, Options Kiwi Fund, and Ethical Kiwi Fund
- 3 Free Accidental Death life insurance cover (please see page 3 for further information)

As well as all the usual KiwiSaver benefits (see below)

Why KiwiSaver? Why the Fidelity KiwiSaver Scheme?

If you're not already a KiwiSaver member, here are some great reasons why you should join now and take advantage of these current benefits.

- ▶ A \$1,000 kick-start contribution from the Government to your first KiwiSaver account when you join.
- ▶ The Government will match your contributions up to \$20 per week through a 'tax credit' paid into your account each year. Conditions apply.
- ▶ You may be able to divert up to half your ongoing contributions towards paying off your mortgage (this will affect members' tax credits and conditions apply).
- ▶ If you meet certain conditions you may be eligible for a Government subsidy towards the deposit on your first home or be allowed to withdraw your accumulated contributions and those of your employer to purchase a first home.
- ▶ The Government will contribute \$40 each year towards the cost of your account management fees.

Choose the Fidelity KiwiSaver Scheme and you'll get all the fantastic benefits of joining KiwiSaver, plus extra benefits including:

- ▶ A choice of seven investment funds that you can choose from, depending on how you want to invest your money and the kinds of risk you are willing to expose it to. Choose up to four funds.
- ▶ Free \$10,000 'death by accident' top-up life insurance cover.*
- ▶ 24/7 access to your account information on www.fidelitylife.co.nz

*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.

Joining the Fidelity KiwiSaver Scheme is easy



Speak to your financial adviser or download an investment statement from www.fidelitylife.co.nz or call us on 0800 88 KIWI to request one.



Read our investment statement... get all the details about the Fidelity KiwiSaver Scheme.



Complete the application form.



Send it to us and we'll do the rest!

Innovative investment funds

Options Kiwi Fund

The Options Kiwi Fund invests in cash and bank securities and uses these as security to sell options contracts to various major banks. The Fund earns a premium for selling these options contracts, which are based on movements in Australian and US 10-year government bond rates, generally over a 30-day period. They provide the bank counter party with a payout if interest rates move by more than a prescribed margin in that time.

The intention is to significantly increase the returns that the Fund will generate over the long term. The Fund's return is thus a combination of interest earned on the short-term deposits, plus the options premiums paid to the Fund by the banks (less any payout).



Please note the Options Kiwi Fund has a high risk profile and its returns are subject to volatility.

Capital Guaranteed Kiwi Fund

This fund has a guarantee* in respect of investors in the Fund. The guarantee means that as at 31 March in each year the unit price calculated as at this date will not be lower than on 31 March the previous year. It's ideal for investors who are seeking a degree of stability in the value of their investment.

Here's how it works.

Say the unit price on 31 March in a particular year was \$2.15. On 31 March the following year, we will calculate the unit price (as we do every business day). If it's \$2.15 or above, then you'll get the benefit of the higher price. If it's below \$2.15, Fidelity Life will transfer enough assets to the Fund to ensure that the unit price is \$2.15.

We note the guarantee applies only to the unit price, not to your particular account value. In addition, if you transfer funds out during the year, you won't get the benefit of the unit price guarantee as this only applies on 31 March each year.

We'll be investing the Fund conservatively, too, which could suit investors worried about investment markets. For further details of the guarantee provided, please refer to the Fidelity KiwiSaver scheme Investment Statement.

Ethical Kiwi Fund

The Ethical Kiwi Fund provides investors with the opportunity to avoid certain types of companies and investments. It supports investments that embrace the principles of ethical business practices.

It is managed for the Fidelity KiwiSaver Scheme by Tyndall Investment Management New Zealand Limited, which has to date been successfully managing a Trans-Tasman equity ethical fund for over six years.

Tyndall uses its best endeavours to avoid securities issued by organisations earning a substantial share of their earnings from the production of tobacco, gambling, alcohol or armament production.

Unlike most ethical investment funds, which focus only on one part of the investment spectrum, the Ethical Kiwi Fund is a true diversified fund, with investments in cash, fixed interest, and New Zealand, Australian and overseas shares. In New Zealand, Tyndall uses its own in-house team to identify and select investments which match the ethical investment criteria. Overseas shares are managed by F&C Fund Management Limited, which has one of the largest and most experienced ethical investment teams in Europe.

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The Fidelity KiwiSaver Scheme's 'death by accident' top up life insurance cover pays off

One of the worst things that could happen to anyone is the loss of a loved one in an accident. Having life insurance in place is one way to soften the blow if this happens.

If you are a Fidelity KiwiSaver Scheme member and your account balance is less than \$10,000, in the event of your accidental death, Fidelity Life will 'top up' the balance to \$10,000*.

Earlier this year, Fidelity Life paid our first KiwiSaver scheme accidental death benefit. Regrettably, a woman was tragically killed in a car crash. Since she was a Fidelity KiwiSaver Scheme member, her husband received her KiwiSaver savings with the Fidelity Life 'top up', so he received \$10,000 in total from the Fidelity KiwiSaver Scheme.

She also had a Fidelity Life insurance policy in place, which meant her husband also received an additional lump sum and a regular payment.

If you are not a member of the Fidelity KiwiSaver Scheme, you won't have access to this unique benefit. To join or switch to the Fidelity KiwiSaver Scheme and to obtain a copy of the Fidelity KiwiSaver Scheme Investment Statement, call **0800 88 KIWI** (0800 88 5494) or talk to your financial adviser.



* 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.

FIDELITY KIWISAVER SCHEME

Investment Returns Update

(before tax and after management fees)

For the period ended 30 September 2008 (see notes 1,2 and 3)

Fidelity KiwiSaver Scheme Funds	Size (\$m)	Unit price	Month	Quarter	Six Months	Year
Conservative Kiwi	3.953	5.202535	-1.17%	1.32%	2.85%	3.55%
Balanced Kiwi	7.969	5.116849	-1.75%	1.12%	1.71%	0.61%
Growth Kiwi	4.554	5.058080	-3.88%	-0.42%	-0.74%	-3.11%
Aggressive Kiwi	2.392	2.481677	-5.44%	-0.86%	0.22%	-8.18%
Options Kiwi	5.941	3.545968	-0.66%	5.34%	13.89%	23.28%
Ethical Kiwi	0.022	1.983884	-2.44%	-1.35%	-	-
Capital Guaranteed Kiwi**	0.094	2.053658	0.78%	2.04%	-	-

FIDELITY KIWISAVER SCHEME

Fund Rankings from FundSource

(before tax and after management fees)

For the year ended 30 September 2008

Fidelity KiwiSaver Scheme Funds	Sector	Performance over 12 Months (see notes 1 and 2)	Ranking in Sector (see note 4)	Number of reporting funds in sector
Aggressive Kiwi	KiwiSaver Diversified Growth PIE's	-8.18%	2	16
Balanced Kiwi	KiwiSaver Diversified Balanced PIE's	0.61%	5	18
Conservative Kiwi	KiwiSaver Diversified Defensive PIE's	3.55%	1	11
Growth Kiwi	KiwiSaver Diversified Growth PIE's	-3.11%	1	16
Options Kiwi	KiwiSaver Other PIE's	23.28%	1	3

Please note: The Fidelity Life Capital Guaranteed Kiwi Fund** and the Ethical Kiwi Fund have not been in existence for 12 months, hence they not being in the table above.

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 for any additional switches.

– 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.

4. The ranking relates only to the funds included by FundSource in its KiwiSaver performance data. Not all KiwiSaver funds are included in the FundSource data.

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How much will I save in the Fidelity KiwiSaver Scheme?

Combine your contributions, with fee contributions, \$1,000 kick start, tax credits and employer contributions, as applicable and you'll be pleasantly surprised how much you will accumulate quite quickly.

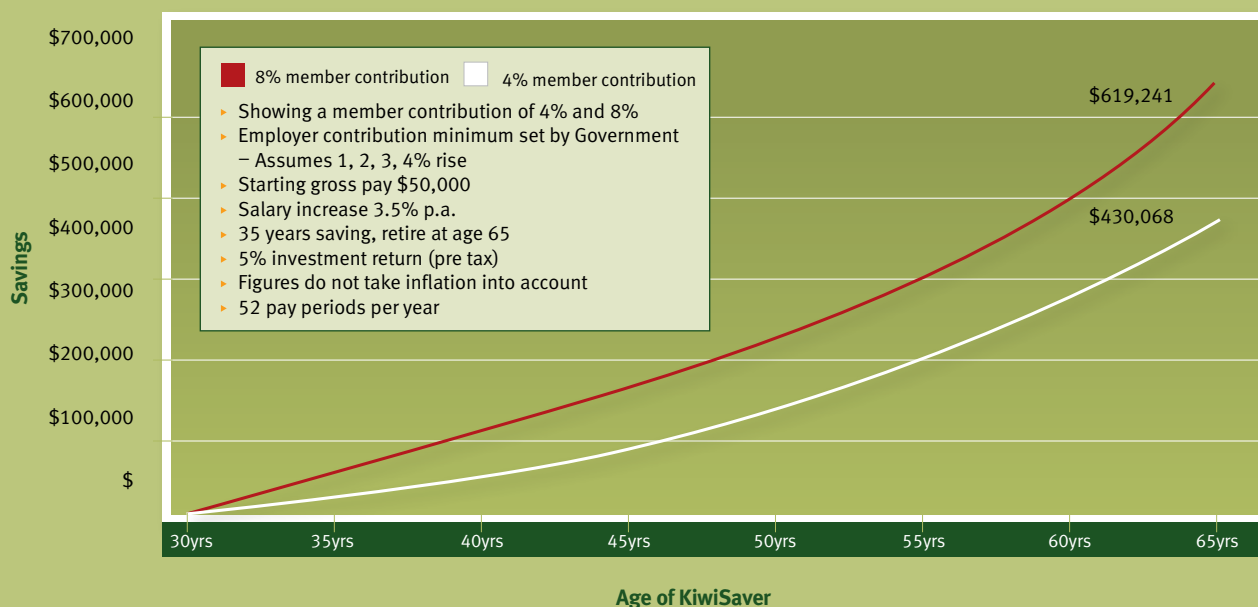
Over a year

Let's assume that you are on a salary of \$50,000. Below is an example of how much you could save over a year without interest. The KiwiSaver year is 1 April to 31 March.

Contribution breakdown		Year 1	Year 4 and onwards
Your contribution	4% of gross pay	\$2,000	\$2,000
Government kick start	\$1000 once-off	\$1,000	-
Government member tax credit*	Max \$20/week	\$1,042	\$1,042
Government account fee subsidy	\$40	\$40	\$40
Employer contribution from 1 April 08 *	1% rising to 4% in 2011	\$500	\$2,000
TOTAL CONTRIBUTIONS GOING INTO YOUR ACCOUNT		\$4,582	\$5,082

Benefits expressed above are approximated and current at date of publication, and are subject to certain conditions. Please refer to the Fidelity KiwiSaver Scheme Investment Statement for more details. *Eligibility depends on age and the amount you contribute.

This graph shows how much KiwiSaver savings a 30 year old earning \$50,000 per year could build up over 35 years
(The member and employer contribution rates are current as at the time of publication and may change in the future).



How much retirement savings will I need?

When you retire, wouldn't you like to be able to maintain the lifestyle that you were used to? An annual holiday overseas, eating out, going to the movies or theatre on occasion.

Have you ever thought about how much money you would need to put aside between now and retirement to keep doing all the things you enjoy? Even though some costs do drop in retirement, others increase.

For example, the average working individual New Zealander earns about \$40,000 pre-tax* – about \$32,000 after tax per year. With the state pension worth about \$12,000 p.a. after tax, this leaves you with a shortfall of \$22,000 per year!

*Source: Statistics New Zealand

Could you live on NZ Super?

Single person

\$14,865 p.a. after tax
 \$286 per week*

Couple

\$22,870 p.a. after tax
 \$440 per week*

For a couple to top up their income from \$22,870 p.a. to \$60,000 p.a. (after tax) they need to save and invest over \$750,000**.

How much have you got so far?

*NZ Super rates as at 1 April 2008.

** Assumes 6% return and no expenditure of capital (after tax and fees).



DID YOU KNOW?

This product is printed on paper with fibre sourced from sustainable resources – Fidelity Life preserving our environment.

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