

A Day's Work Turns into Tragedy

Many New Zealanders have jobs involving an element of risk. Occupations including building, construction, transport and farming come with some dangers, which could be anything from machinery to weather conditions.

About a year ago, farmer* Simon Franklin was fatally injured in a freak accident at work on the farm. The accident involved farm machinery. If coping with the loss of her husband wasn't enough, his widow Amy* had two school-aged children to care for.

She also was forced to consider how to provide for herself and the children when she knew she wouldn't be able to keep the business operating on her own. "Suddenly you have to find someone to run the farm, or you have to sell," says Amy.

During the months it took to sell the property, Fidelity Life paid out Simon's life insurance policy to Amy, giving her much-needed time and space to carefully plan how to re-build her family's life without Simon.

"It's been very hard at times, and I know that without the Fidelity Life insurance money, the remainder of our lives would've been a very different story.

"What makes Fidelity Life stand out is that they actually paid out on the insurance policy before the Coroner's inquest had been completed," says Amy.*

* 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 Cover 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 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.

Accidents at work

Around 100 people die from work-related injuries in New Zealand every year:

- ▶ Just over 94% of these deaths are male
- ▶ The agriculture, forestry and fishing sector has the highest number of fatal work-related injuries
- ▶ Deaths from work-related injury are primarily due to motor vehicles, machinery-related accidents, water-transport accidents, being struck by falling objects, and falling.



Each year in New Zealand over 200,000 occupational injuries result in ACC claims. This is about 12 injuries per 100 workers:

- ▶ About 74% of the work-related injuries occur to males
- ▶ The manufacturing sector has the highest number of work-related injuries
- ▶ Other main industries where injury occurs are in mining, construction, agriculture, forestry and fishing
- ▶ Sprains and strains are by far the most frequent injury (90,000 claims), followed by open wounds (37,000 claims)
- ▶ An estimated 50% of injuries result in impairment and 6% in permanent impairment.**

**Driscoll T, Mannetje A, Dryson E, Feyer A-M, Gander P, McCracken S, Pearce N, Wagstaffe M. The burden of occupational disease and injury in New Zealand: Technical Report. NOHSAC: Wellington, 2004.

Have you worked in Australia?

If you now live in New Zealand and you have worked in Australia in the past, you may have contributed to the ASG (Australian Superannuation Guarantee).

About AUD\$15 billion of unclaimed superannuation savings are sitting in Australian holding funds. Up to 25% of these savings could belong to New Zealanders who have returned home.

At the moment any money is 'locked in' to the ASG system until Australian retirement age.

The good news is that the Australian and NZ governments are working together to allow New Zealanders to transfer their Australian Super money back to NZ. The legislation should allow transfers to begin in 2010.

Dealing with government departments and big corporations can be a hassle. We will be putting in place the processes to make it simple and efficient for you to locate your money and bring it home.



If you think you have any money in a superannuation fund in Australia, email your name and contact details to australiansuper@fidelitylife.co.nz, and we will send you updates on the latest developments.

Why have funds in Australia? We will find you an adviser, who will assist by working out whether bringing your funds home is the best option for you.

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How the Budget affects KiwiSaver and superannuation

In the Budget, announced on 29 May, the government made some changes affecting New Zealand superannuation.

New Zealand Super Fund

The government has suspended automatic government contributions to the New Zealand Super Fund.

This fund is to help fund future 'New Zealand Superannuation' pension payments. It was popularly known as the 'Cullen fund', it has nothing to do with KiwiSaver or any of the government's contributions to KiwiSaver such as the kick-start or member tax credits.

KiwiSaver Mortgage Diversion no longer an option

The only change to KiwiSaver was the removal of the mortgage diversion option. Any existing mortgage diversion facilities can stay in place but no new ones will be accepted. Also, an existing mortgage diversion facility will cease if you change your KiwiSaver provider.

You still need to think about your retirement savings

If you are not a member of KiwiSaver yet, it is still too good to miss out on, with all the contributions from your employer and the government. If you are not eligible for KiwiSaver, then Fidelity Life has a range of savings plans for you to choose from. Talk to your adviser about what is best for you.

FIDELITY KIWISAVER SCHEME INVESTMENT RETURNS UPDATE (before tax and after management fees)

For the period ended 30 June 2009 (see notes 1, 2, and 3)

Fidelity KiwiSaver Scheme Funds	Funds type	12 months return to 30 June 2009*		
		Return	Fidelity Life's Ranking	Worst performing fund
Capital Guaranteed Kiwi**	Defensive	3.47%	5 of 22	-2.06%
Conservative Kiwi	Defensive	0.70%	19 of 22	-2.06%
Balanced Kiwi	Balanced	-0.13%	1 of 30	-10.67%
Ethical Kiwi	Balanced	-6.44%	19 of 30	-10.67%
Growth Kiwi	Growth	-5.72%	6 of 25	-25.60%
Aggressive Kiwi	Growth	-7.04%	7 of 25	-25.60%
Options Kiwi*	Other	-2.37%	Not applicable	Not applicable

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

- Past performance is not necessarily an indicator of future performance.
- 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.
- 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.

Quarterly investment update

ECONOMIC SUMMARY

Stimulus from governments around the world in late 2008 and in the first six months of this year has resulted in one of the strongest comebacks in global share markets of recent years. Opinions are divided on this apparent recovery, with one camp suggesting that there was very strong evidence of a turnaround while the other camp expressed scepticism over such evidence.

As a result of this renewed positive sentiment, most asset classes experienced an uptick over the second quarter but by the end of the quarter this was more subdued, dampening the overall recovery.

In relation to specific asset classes:

Cash

The Reserve Bank of New Zealand (RBNZ) maintained a conservative economic outlook, and reduced the Official Cash Rate (OCR) for a seventh time in a row.

New Zealand short-term interest rates finished the quarter significantly lower in yield and short term interest rates remained relatively stable through May and June.

NZ Fixed Interest

The market remained volatile over the quarter as interest rates, equities and currencies continued to be “jostled” in price.

There is some optimism that the worst has passed, demonstrated by a dramatic steepening of interest rate curves in major global markets and equity markets experiencing a significant recovery.



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PORTFOLIO PERFORMANCE

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

For the period ended 30 June 2009

Portfolio	Past month	Past quarter	Past year	Last 3 yrs % p.a.	Last 5 yrs % p.a.	Morningstar ranking (one year)
DIVERSIFIED						
Conservative	-0.10%	+3.24%	+2.09%	+2.13%	+3.97%	4 of 9
Balanced	-0.77%	+6.52%	-1.77%	-0.89%	+2.85%	1 of 52
Ethical	-0.76%	+5.54%	n.a.	n.a.	n.a.	n.a.
Growth	-1.54%	+8.92%	-7.30%	-4.65%	-1.42%	1 of 18
Aggressive	-0.34%	+16.37%	-3.34%	-3.06%	+3.24%	1 of 35
SECTOR						
Cash	+0.12%	+0.35%	+3.56%	+4.41%	+4.29%	n.a.
Mortgage	+0.33%	+0.95%	+4.93%	+5.28%	+5.22%	5 of 9
NZ Fixed Interest	+0.15%	+1.41%	+3.77%	+2.74%	+3.50%	13 of 28
Options	+7.70%	+7.06%	-3.06%	+5.08%	n.a.	28 of 48
Property	-2.61%	-2.03%	-0.96%	+1.56%	+2.74%	1 of 8
NZ/Australian shares	-0.35%	+10.33%	-9.03%	-6.58%	+1.22%	9 of 21
International	-2.54%	+13.56%	-15.64%	-10.18%	-1.78%	3 of 35

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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Longer duration bonds have risen substantially in yield from the January lows, unwinding the pricing in the risk of depression. But short-term rates have remained anchored by low cash rates.

Australasian Equities

Global investor sentiment clearly shifted during the quarter, with investors preferring to focus on signs of any economic recovery more than on the current impact of the recession gripping the world. Investment sentiment is moving to accepting cyclical risk, and now we are entering a period of strong equity demand, because of the first signs of a positive turnaround. The New Zealand market capped off a strong period, consistent with global market movements, rising 1.2% for the month and 8.1% for the quarter as measured by the NZX 50 Index, while the S&P/ASX 200 Index returned 11.3%.

Global Equities

Shares advanced as economic data raised hopes that the rapid deterioration in the global economy had been arrested and stress test results from Western banks confirmed that a total banking collapse had been avoided. Although unemployment rose and developed economies shrank, several reports showed the rate of decline had been stemmed. Confidence among US consumers – a linchpin of the global economy – rose to the highest level since September. Elsewhere manufacturing in China expanded.

US shares rallied on positive news from bank stress tests and rising commodity prices, sending financial, materials and energy stocks higher. Financial stocks rose as word spread that the Federal Reserve's worst-case estimates of banks' total losses and capital shortfalls were smaller than some had feared. The MSCI World index ended up around 6.4% for the quarter.

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).

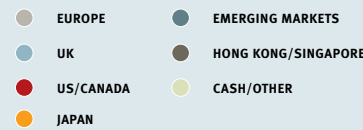
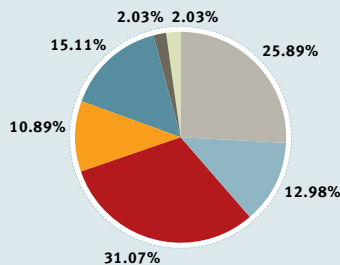


DID YOU KNOW?

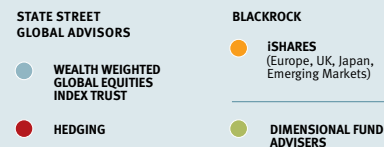
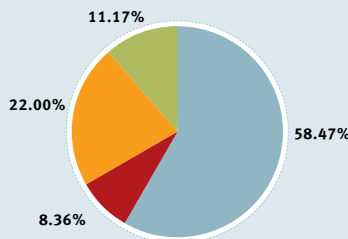
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International Investment Portfolio

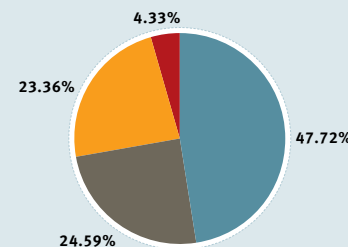
Country Split



Asset Split

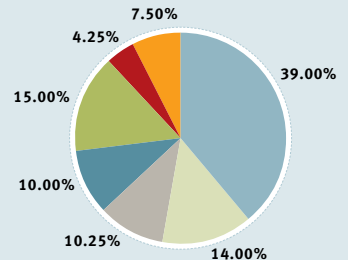


Aggressive Portfolio

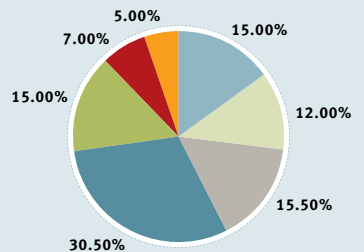


Asset Split

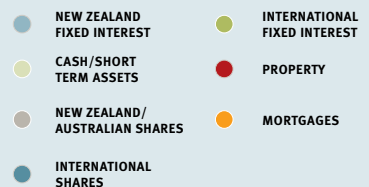
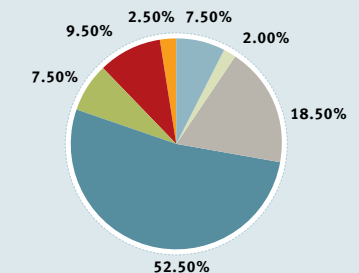
Conservative Portfolio



Balanced Portfolio



Growth Portfolio



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