

Focus on health series

The second of the Focus series looks at heart disease, which made up 20% of Fidelity Life's \$6.4 million in trauma claims in 2010.

Keeping your heart healthy is a lifestyle choice. From stopping smoking to learning how to relax, there are many contributing factors to heart health.

Being aware of the things that affect your heart

Stress is a word we hear a lot. It is sometimes used to describe the fast pace of life that we lead, or the way you feel when you are under intense pressure at work. Finding ways to relax and reduce stress gives your heart a rest.

We all know that carrying extra weight can greatly affect your health, it increases your risk of heart disease and diabetes, but it can cause a whole host of other problems including sleeping difficulties, back pain, mobility and joint problems.

If you smoke, stopping smoking is the single best thing you can do for your health. Becoming smoke-free also substantially decreases your life insurance premiums after a year of non-smoking. Call the Quitline on 0800 778 778 or visit www.quit.org.nz and ask about nicotine patches, gum or lozenges.

Eating plenty of fruit and vegetables but limiting alcohol and fatty foods will improve the health of your heart, and help you lose weight if you need to.

Doing just 30 minutes of moderate exercise a day, even in 10 minute chunks can help to reduce your risk of heart disease, diabetes, developing a stroke or high blood pressure.



Focus update

Focus is produced quarterly to keep you up to date with product developments and how investment funds and KiwiSaver are performing. This is the last time you will receive Focus in the post.

Focus will still be produced each quarter, and we will be happy to email it to you. Simply email focus@fidelitylife.co.nz with your name and policy number and we will ensure you receive an email each quarter.

If you have moved house, changed your name or any other personal details, please email clientservices@fidelitylife.co.nz or call us on 0800 88 22 88.

For more information about keeping your heart healthy visit the New Zealand Heart Foundation's website, it's packed with tips and advice. www.heartfoundation.org.nz

Heart facts

- ▶ In 2009, 37% of male Fidelity Life trauma claims were for heart disease.
- ▶ Cardiovascular disease (heart, stroke and blood vessel disease) is the leading cause of death in New Zealand, accounting for 40% of deaths a year.^[1]
- ▶ Every 90 minutes a New Zealander dies from coronary heart disease (16 deaths a day).^[1]
- ▶ Obesity is a risk factor for a number of diseases including coronary heart disease, stroke, diabetes, high blood pressure, osteoarthritis and some cancers.^[2]
- ▶ Almost half of New Zealanders are obese or overweight.^[1]
- ▶ About 5,000 New Zealanders die prematurely from smoking each year - this means that about 12 people a day dying from smoking.^[3]

Sources:

[1] Hay, D. 2004. cardiovascular Disease in New Zealand. 2004. A Summary of Recent Statistical Information. National Heart Foundation of New Zealand. [2] Ministry of Health. 2008. Portrait of Health. Key Results of the 2006/07 New Zealand Health Survey. Wellington: Ministry of Health. [3] Ministry of Health. 2009. Implementing the ABC approach for Smoking Cessation. Framework and Work Programme. Wellington: Ministry of Health. <http://www.moh.govt.nz/moh.nsf/indexmhc/cardiovascularisease>

Getting the best from your adviser

Soon, you will begin to notice a change in how your adviser works with you. There are many regulatory changes that will affect how financial advice is delivered in New Zealand, coming in over the next year.

Among the changes are new requirements for advisers, which aim to provide customers like you with more information to help make better informed decisions about your financial future. You will get more questions and see more paperwork from your adviser, to make sure that you get the best advice possible and solutions tailor made for your individual circumstances. Some of the changes you may notice are:

- ▶ More disclosure of adviser qualifications and methods of doing business at the outset
- ▶ Your adviser telling you what their areas of expertise are
- ▶ Your adviser asking more questions, perhaps using more detailed forms to collect information, to be sure they know exactly what you need and want

- ▶ You will be given objective advice about what you need to do – which is the starting point for working out what you might actually do
- ▶ You will get more letters and reports documenting the advice given to you.

It might just seem like more paperwork to begin with, but it will help you get objective advice that really takes into account what you personally need to achieve your financial goals.



Insuring your future

Life changes and so too should your insurance policy to reflect this.

Are you aware of all the benefits of your Fidelity Life policy may contain?

- ▶ Have you just got married or divorced?
- ▶ Do you have a child on the way?
- ▶ Do you have a dependent child who is heading off to secondary school?

- ▶ Have you bought a new home or increased your existing mortgage?
- ▶ Have you turned 25, 30, 35, 40 or 45 years of age?

If any of these apply to you, you may be eligible to increase your cover, with the minimum of fuss, by up to \$250,000, regardless of health changes (conditions apply).

There are events in life that happen that will often result in greater financial commitments. Take the opportunity to review your Fidelity Life policy.

For more information, please contact your Financial Adviser.

FIDELITY KIWISAVER FUNDS – ASSET SPLITS as at 30 June 2010

Asset class	Capital Guarantee Kiwi Fund	Conservative Kiwi Fund	Balanced Kiwi Fund	Ethical Kiwi Fund*	Growth Kiwi Fund	Aggressive Kiwi Fund
Cash	57.90%	5.97%	1.53%	8.50%	1.67%	0.05%
Fixed interest	29.78%	61.63%	41.84%	34.05%	21.94%	n.a.
New Zealand & Australian shares	8.16%	16.80%	26.11%	19.89%	28.31%	32.86%
Global shares	4.16%	12.13%	25.91%	37.56%	41.09%	43.50%
Tyndall Option Fund	n.a.	n.a.	n.a.	n.a.	n.a.	23.59
Property	n.a.	4.62%	4.62%	n.a.	6.99%	n.a.

The Options Kiwi, besides having a small cash holding, is totally invested in the Tyndall Option Fund. The Ethical Kiwi, besides having a small cash holding, is totally invested in the Tyndall Wholesale Balanced SRI Fund
*The asset split for the Ethical Kiwi is for the previous month. All reasonable care has been taken in producing this information that in most instances comes from sources outside the administration manager, Fidelity Life Assurance Company Limited. Investors should seek professional advice before investment decisions are made.

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.

Quarterly investment update

FIDELITY LIFE PORTFOLIO PERFORMANCE as at 30 June 2010

Average return (after tax, after investment management fees)

For the period ended 30 June 2010

Portfolio	Portfolio Size	Unit Price	Month	Quarter	Year	3 Years (% p.a.)	5 Years (% p.a.)	Morningstar ranking for year ended 30 June 2010
Conservative	148.38	3.1639	-0.01%	-0.86%	6.69%	2.98%	4.10%	1/6
Balanced	44.59	2.8650	-1.23%	-3.47%	7.06%	0.23%	3.18%	11/41
Ethical	1.02	1.9536	-2.14%	-4.49%	5.62%	n.a.	n.a.	18/41
Growth	21.87	2.5827	-2.57%	-6.31%	6.84%	-3.35%	1.75%	4/11
Aggressive	4.06	2.2804	-1.47%	-5.50%	7.53%	-2.08%	4.04%	10/25
Cash	3.80	2.9194	0.13%	0.42%	1.69%	3.43%	3.85%	15/25
Mortgage*	6.46	3.2798	0.28%	0.84%	3.51%	4.64%	4.93%	1/35
NZ Fixed Interest*	3.07	3.1404	0.98%	1.44%	7.16%	4.33%	3.91%	3/16
Options	49.61	3.2607	1.96%	-2.43%	13.00%	6.89%	8.14%	1/5
Property*	2.78	2.9210	2.74%	2.48%	5.26%	1.61%	3.34%	1/5
NZ / Australian Shares	6.94	3.3452	-4.12%	-11.62%	9.28%	-7.13%	0.11%	5/18
International	36.10	1.5301	-4.48%	-10.02%	4.97%	-8.47%	-1.03%	2/9

*Closed 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:

- Past performance is not necessarily an indicator of future performance.
- The returns shown do not allow for front-end, renewal, withdrawal or alteration fees.
- 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.
- 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
- The current rate of tax for life insurance companies is 30%. The rate and basis of taxation may change.
- The returns shown are net of tax and investment management fees.

FIDELITY KIWISAVER SCHEME INVESTMENT RETURNS

(After management fees & costs, before tax and account fee)

For the period ended 30 June 2010

Fund	Inception Date	Fund Size (\$m)	Unit Price	Month	Quarter	6 Months	One Year	Two Years (p.a.)	Inception (p.a.)
Capital Guaranteed Kiwi Fund*	May 2008	13.22	2.185650	0.18%	-0.06%	1.40%	4.96%	4.21%	4.18%
Conservative Kiwi Fund	Oct 2007	15.74	5.574934	-0.11%	-1.54%	1.45%	7.82%	4.20%	3.85%
Balanced Kiwi Fund	Oct 2007	33.44	5.410635	-1.44%	-4.42%	-0.97%	7.06%	3.40%	2.28%
Ethical Kiwi Fund	May 2008	2.49	2.003352	-1.98%	-4.09%	-1.23%	6.47%	-0.19	0.08%
Growth Kiwi Fund	Oct 2007	18.40	5.079429	-2.57%	-6.88%	-3.10%	6.07%	0.00%	-0.99%
Aggressive Kiwi Fund	Oct 2007	6.70	2.556203	-2.63%	-8.23%	-2.47%	9.84%	1.05%	-2.01%
Options Kiwi Fund**	Oct 2007	24.84	3.906664	2.88%	-4.08%	3.63%	18.86%	7.73%	11.78%

Notes:

- 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.

* The Capital Guaranteed Kiwi Fund has the benefit of a Guarantee from Fidelity Life that the unit price on 31 March each year will never be lower than it was on 31 March the previous year. The Guarantee is provided by Fidelity Life Assurance Company ("Fidelity Life") to the Trustee of the Fidelity KiwiSaver Scheme (Guardian Trust Superannuation Trustees Limited). The Guarantee is given by Fidelity Life in its capacity as the administration and investment manager of the Fidelity KiwiSaver 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 of the terms and conditions of the Guarantee please refer to the Fidelity KiwiSaver Investment Statement.

** 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 Fidelity KiwiSaver funds, please consult your financial adviser on what proportion of your retirement savings should be in the Options Kiwi Fund.

Global growth expectations slowed down significantly in the second quarter. Towards the end of the quarter global share markets lost the gains of the first quarter, resulting in a flat year to date performance by the end of June. Even an 18 month long appreciation of financial markets and assets leading up to April of this year could not compensate for the sentiment eroded by continuing issues in the global economy.

In relation to specific asset classes:

Cash

With the economy recovering broadly as expected, the RBNZ increased the OCR for the first time in two years by .25% to 2.75%. Higher bank funding costs, long-term interest rates being higher than short-term rates and a greater proportion of borrowers using floating rate mortgages should all reduce the extent to which the OCR will need to be increased relative to previous cycles.

NZ Fixed Interest

New Zealand interest rates finished the quarter lower as the market pared back their expectations for a quick broad based economic recovery. The New Zealand 5-year bond finished .53% lower in yield at 4.65%, and the 10-year bond lost .65% to finish the quarter at 5.33%.

New Zealand economic growth of around 3.5% is expected this year and next. This is a result of higher export prices and volumes, an improving labour market and a pick-up in residential and business investment. On the down-side the RBNZ expects households will remain relatively cautious and so the recovery may not be broad based, with the likes of the retail sector continuing to struggle.

Australasian Equities

After a positive start to the quarter share markets steadily declined to finish the period weaker, owing to slower than expected recovery in both country and corporate profitability. European issues, in particular Greece, continued to weigh on market sentiment.

The New Zealand market was down by nearly 9% as measured by the NZX 50 index, which was a better performance than the Australian market which fell more than 11% as measured by the ASX200 index.

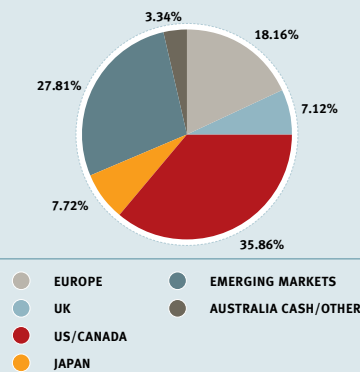
Global Equities

US economic data was largely positive. Concerns grew, however, about global events and their potential to hamper US companies and ease domestic growth. With crude oil briefly dipping below US\$70 per barrel, a US suspension of deepwater drilling and uncertainty over the political fallout from the ruptured Macondo oil well, Energy stocks also dropped. Meanwhile, the US Congress moved closer to passing a financial reform bill that would set tougher capital and liquidity standards, limit the derivatives business and proprietary trading of large financial firms and give broader powers to regulators.

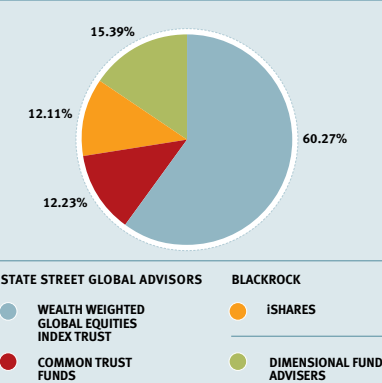
European stocks declined as the spreading sovereign debt crisis and deep budget cuts raised worries about the sustainability of the economic recovery, overshadowing mostly positive data.

International Investment Portfolio

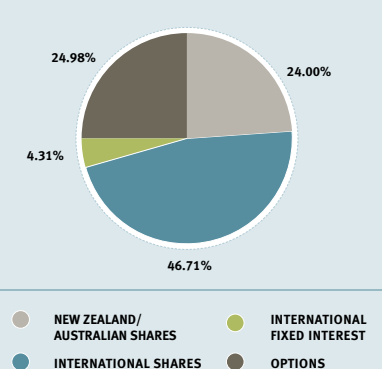
Country/Region Split



Asset Split

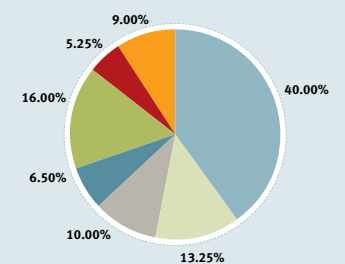


Aggressive Portfolio

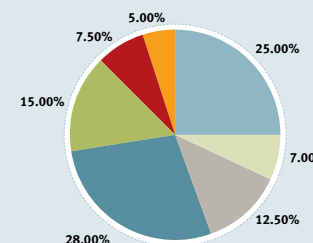


Asset Split

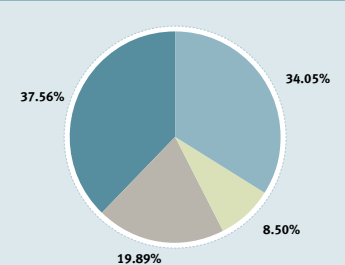
Conservative Portfolio



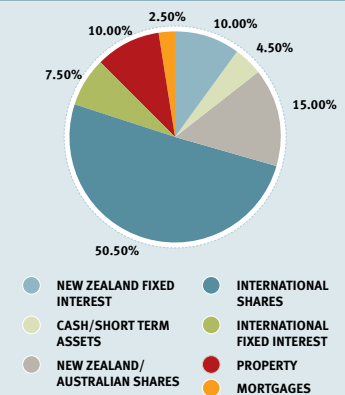
Balanced Portfolio



Ethics Portfolio



Growth Portfolio



DID YOU KNOW?

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