

Investment Portfolios & Funds Manager profiles

Your guide to Fidelity Life's Investment
Portfolios – and how your money is managed

November 2008



2 Our investment & savings products

Fidelity Life offers a range of regular contribution and lump-sum investment products.

Retirement saving

- ▶ Fidelity KiwiSaver Scheme
- ▶ Power Super Plan
- ▶ Super-Super Plan

Other savings

- ▶ Power Saver Plan
- ▶ Gold Medal Plans

Lump sum investing

- ▶ Life Bond
- ▶ Super-Super Bond
- ▶ Super-Sterling Bond

To make an investment and for more information, you can get a copy of the relevant investment statement free of charge from your adviser or from Fidelity Life:

Fidelity KiwiSaver Scheme	Fidelity KiwiSaver Scheme Investment Statement
All other products	Fidelity Life Investment Statement

In this Guide:

- ▶ Our investment portfolios
- ▶ Our 4-stage investment approach
- ▶ Our fund managers



DIVERSIFIED PORTFOLIOS

	Conservative	Balanced	Growth	Aggressive	Ethical
Summary	A low-volatility diversified fund with assets in all investment sectors, with a bias towards fixed interest, mortgages and cash.	A medium-volatility diversified fund with assets in all investment sectors.	A high-volatility diversified fund with assets in all investment sectors, with a bias towards shares, particularly international.	A high-risk diversified fund invested in international shares, derivatives and fixed interest.	A medium-volatility diversified fund with investments selected by Tyndall Investment Management in accordance with their ethical investment guidelines.
Risk profile	Low	Medium	Medium to high	High	Medium
Objective	To provide above average performance over the medium term, while maintaining the security of capital in inflation-adjusted terms.	To provide above average performance over the medium term, while maintaining the security of capital in inflation-adjusted terms.	To provide above average performance over the long term, while maintaining the security of capital in inflation-adjusted terms.	To provide above-average performance over the long term, for investors who can tolerate the ups and downs associated with global investing that will occur year by year.	To provide above average performance over the medium term, while maintaining the security of capital in inflation-adjusted terms.
Recommended term	The portfolio is managed to maximise performance on a short-term (up to 7 years) time horizon.	The portfolio is managed to maximise performance on a 5 to 15 year time horizon.	The portfolio is managed to maximise performance on a 10 to 45-year time horizon. It is not designed for short-term (less than 5 years) investment because of the risk of negative returns over short-term time periods.	The portfolio invests in assets that have outperformed on a 40-year time horizon. It is not designed for short-term (less than 5 years) investing because returns will fluctuate considerably and of the risk of negative returns over short time periods.	The portfolio is managed to maximise performance on a 5 to 15 year time horizon.
Risk of negative performance	Less than 1 in 10 chance over any 6 month period.	Less than 1 in 10 chance over any 1-year period.	Less than 1 in 10 chance over any 2-year period.	Significant in any 1-year period, though less than 1 in 3 over any 5-year period. For this reason, this portfolio should only form a modest portion of an investor's portfolio.	Less than 1 in 10 chance over any 1-year period.
Performance objectives	The overall annualised return, after investment expenses, over every 3 year period should be: <ul style="list-style-type: none"> ▶ 1% above the return on 10-year NZ government bonds ▶ top quartile ranking in its Morningstar sector rankings over 3 years. 	The overall annualised return, after investment expenses, over every 3 year period should be: <ul style="list-style-type: none"> ▶ 2% above the return on 10-year NZ government bonds ▶ top quartile rankings in its Morningstar sector rankings over 3 years. 	The overall annualised return, after investment expenses, over every 3 year period should be: <ul style="list-style-type: none"> ▶ 3% above the return on 10-year NZ government bonds ▶ top quartile rankings in its Morningstar sector rankings over 3 years. 	The overall annualised return, after investment expenses over any 3-year period should be: <ul style="list-style-type: none"> ▶ 4% above the return on 10-year NZ government bonds ▶ top quartile rankings in its Morningstar sector rankings over 3 years. 	The overall annualised return, after investment expenses, over every 3 year period should be: <ul style="list-style-type: none"> ▶ 2% above the return on 10-year NZ government bonds ▶ top quartile rankings in its Morningstar sector rankings over 3 years.

4 Our investment portfolios (continued)

DIVERSIFIED POTFOLIOS

Conservative

Where it invests

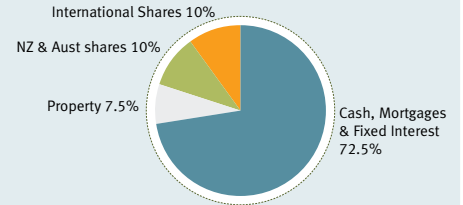
A mix of cash, fixed interest, property, NZ & Australian and international shares, with a bias to cash and fixed interest.

Who it suits

Investors with a shorter-term time frame (up to 7 years) and needing capital stability.

Risk profile

Low



Balanced

Where it invests

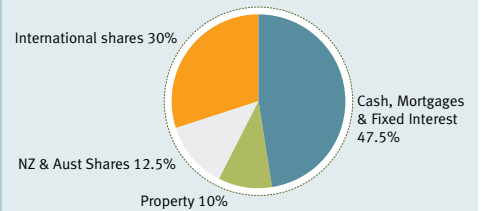
A balanced mix of cash, fixed interest, property, NZ & Australian and international shares.

Who it suits

Investors with a 5-15 year time frame.

Risk profile

Medium



Growth

Where it invests

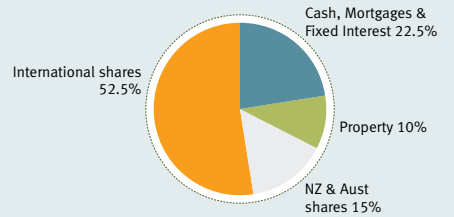
A mix of cash, fixed interest, property and NZ & Australian and international shares, with a bias to growth investments, particularly international shares.

Who it suits

Investors with a longer-term time frame (10 years or more) wanting good growth and able to tolerate short-term ups-and-downs.

Risk profile

Medium to high



Aggressive

Where it invests

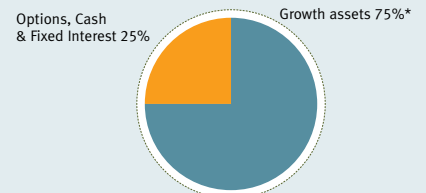
International shares, NZ & Australian shares, derivatives, fixed interest and cash.

Who it suits

Investors looking for above-average performance over the long-term and who can tolerate the ups and downs associated with global investing.

Risk profile

High



* Growth assets are assets where capital appreciation is expected such as shares, property and hedge funds.

Ethical

Where it invests

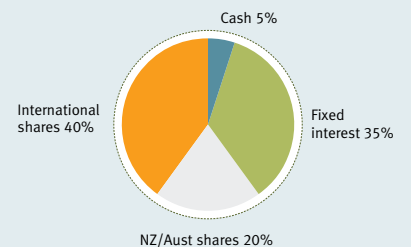
A mix of cash, fixed interest, NZ, Australian and international shares selected by Tyndall Investment management in accordance with their ethical investment guidelines.

Who it suits

Investors with a 5-15 year time frame.

Risk profile

Medium



SECTOR PORTFOLIOS

	Mortgage	NZ Fixed Interest	Options
Objective	To provide consistent above average New Zealand mortgage performance over the medium to long term.	To provide consistent above average New Zealand bond market performance over the medium term.	To earn a gross return of at least 13% pa measured over a 5-year period.
Permitted investments	New Zealand mortgage investments (including first and second mortgages) and cash.	New Zealand bond investments (including government and corporate securities and derivatives) and cash.	Fixed interest instruments with a duration of less than one year, and derivatives. Options on government stock may be issued for up to 10 times the value of the fund with a margin of at least 20 basis points (0.2%) for a period of around one month.
Recommended term	As investment values are stable, there is no specific recommended term.	At least 5 years.	At least 5 years.
Performance objectives	<p>The overall annualised return after investment expenses over every 3 year period should be:</p> <ul style="list-style-type: none"> ▶ 2.0% pa above the New Zealand cash market return, as measured by the NZX NZ 90 Day Bank Bill Index, and ▶ top quartile ranking in its Morningstar sector rankings over 3 years. 	<p>The overall annualised return after investment expenses over every 3 year period should be:</p> <ul style="list-style-type: none"> ▶ 0.75% pa above the New Zealand bond market return as measured by the NZX NZ Government Stock Gross Index, and ▶ top quartile ranking in its Morningstar sector rankings over 3 years. 	<p>The overall annualised return after investment expenses over every 5 year period should be:</p> <ul style="list-style-type: none"> ▶ a return of 13.5% p.a gross ▶ a return of 4% in excess of the floating mortgage rate.
Fund managers	Fidelity Life	ING (NZ) Tyndall Investment Management	Tyndall Investment Management

	Property	NZ Shares	International Investment
Objective	To provide consistent above average New Zealand property performance over the medium to long term.	To provide consistent above average New Zealand equity performance over the medium to long term.	To provide consistent above average international equity performance over the medium to long term.
Permitted investments	Property investments (including direct property investments and property vehicles whether listed or unlisted) and cash.	New Zealand and Australian share investments (including underwriting issues, derivatives and securities convertible into NZ and Australian shares, and cash).	International share investments (including underwriting issues, derivatives and securities convertible into international shares) and cash.
Recommended term	At least 7 to 10 years.	At least 10 years.	At least 10 years.
Performance objectives	<p>The overall annualised return after investment expenses over every 3 year period should:</p> <ul style="list-style-type: none"> ▶ be above the NZX Property sector (Gross) Index, and ▶ be above the return of the NZX 90 Day Bank Bill Index, and ▶ top quartile ranking in its Morningstar sector rankings over 3 years. 	<p>The overall annualised return, after investment expenses over every 3 year period should:</p> <ul style="list-style-type: none"> ▶ be 3.0% pa above the New Zealand share market return as measured by the NZSX50 Index, and ▶ top quartile ranking in its Morningstar sector rankings over 3 years. 	<p>The overall annualised return, after investment expenses over every 3 year period should be:</p> <ul style="list-style-type: none"> ▶ 2.0% pa above international sharemarket returns as measured by the MSCI World Price Index converted to NZ\$, and ▶ top quartile ranking in its Morningstar sector rankings over 3 years.
Fund managers	Fidelity Life	AMP Capital Investors Tyndall Investment Management State Street Global Advisors	State Street Global Advisors iShares (Barclays Global investors) Dimensional Fund Advisors

6 Our investment approach

KIWISAVER INVESTMENT PORTFOLIOS

Capital Guaranteed Kiwi Fund (see note 3)

Where it invests

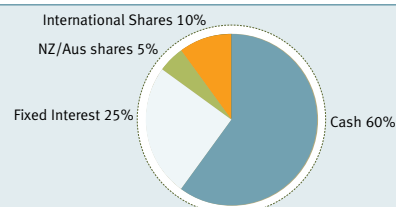
A mix of cash, fixed interest, NZ, Australian & international shares with a bias to cash.

Who it suits

Investors with a shorter-term time frame (5-10 years) and needing capital stability.

Risk profile

Low



Conservative Kiwi Fund

Where it invests

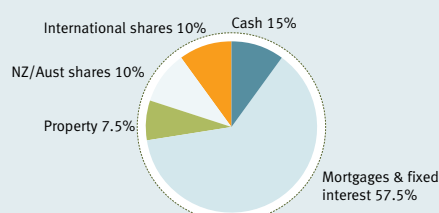
A mix of cash, fixed interest, property and NZ, Australian & international shares, with a bias to cash and fixed interest.

Who it suits

Investors with a shorter-term time frame (5-10 years) and needing capital stability.

Risk profile

Low



Balanced Kiwi Fund

Where it invests

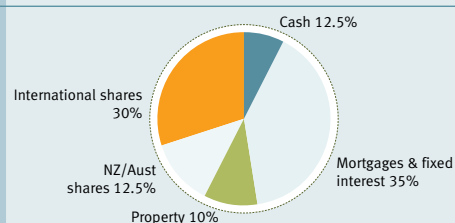
A balanced mix of cash, fixed interest, property and NZ, Australian & international shares.

Who it suits

Investors with a 5-15 year time frame.

Risk profile

Medium



Ethical Kiwi Fund

Where it invests

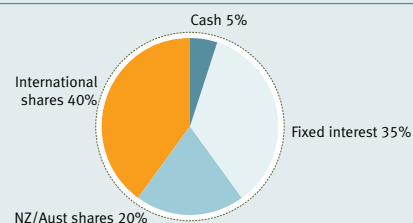
A mix of cash, fixed interest, NZ, Australian and international shares selected by Tyndall Investment Management in accordance with their ethical investment guidelines.

Who it suits

Investors with a 5-15 year time frame

Risk profile

Medium



Growth Kiwi Fund

Where it invests

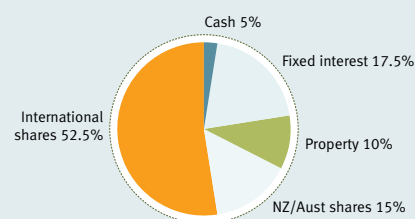
A mix of cash, fixed interest, NZ, Australian and international shares with a bias to growth investments, particularly international shares.

Who it suits

Investors with a longer time frame (10-45 years) wanting good growth and able to tolerate short-term ups and downs.

Risk profile

Medium to high



Aggressive Kiwi Fund (see note 1)

Where it invests

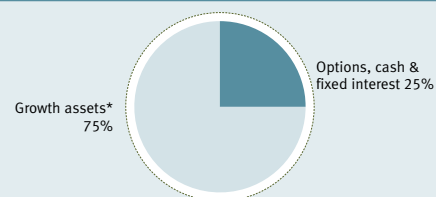
International shares, NZ & Australian shares, derivatives, fixed interest and cash.

Who it suits

Investors looking for above-average performance over the long-term and who can tolerate the ups and downs associated with global investing.

Risk profile

High



*Growth assets are assets where capital appreciation is expected such as shares, property and hedge funds

Options Kiwi Fund (see note 1)

Where it invests

Short-term fixed interest investments, used as security for derivatives (selling put and call options contracts)

Who it suits

Investors with a medium term time frame (5 years and over)

Risk profile

High

- ▶ Cash
- ▶ Options Contracts
- ▶ Fixed Interest

NOTES: 1. Both the Options Kiwi Fund and Aggressive Kiwi Fund invest in options contracts in a leveraged manner. 2. The actual holdings of each Investment Fund will range around the benchmark – refer to the table showing the asset allocation ranges under the heading “What sort of investment is this?” 3. For details of the guarantee provided to the Scheme by Fidelity Life in respect of the Unit Value of the units in the Capital Guaranteed Kiwi Fund as at 31 March each year, see page 19 of the Fidelity KiwiSaver Scheme Investment Statement.

OUR APPROACH

- ① Outsource to “best of the Best” ② Set asset allocation ③ Manage currency ④ Choose managers ⑤ Monitor & review

Fidelity Life does not have an in-house specialist funds management operation. With the exception of mortgages, and property, we outsource funds management and investment selection to specialist external managers.

1. Investment Management Committee →

Our investment management is overseen by the Investment Committee. It meets monthly and determines appropriate asset allocations for our portfolios, selects investment managers, agrees mandates with them and monitors their performance to ensure we achieve superior long-term results appropriate to each investment portfolio.

The Committee comprises five Fidelity Life staff – Milton Jennings (22 years), Roland Hughes (16 years), John Smith (8 years), Peter Lee (5 years) and Trevor Gordon (2 years) – plus Michael Chamberlain (8 years), an experienced consulting actuary.

3. Manager & Stock Selection →

Having determined our asset allocations for our portfolios, we then choose the best investments. As well as holding certain investments directly, Fidelity Life uses the skills, expertise and resources of specialist fund managers, because it is important that investment selection is executed by managers with the appropriate skills and insight. We select investment managers based on their stock selection skills, infrastructure, procedures and performance.

Often we choose more than one investment manager with complementary skills in a sector. We set appropriate benchmarks for each sector and manager.

2. Asset Allocation →

Asset allocation is the process of determining the percentage of a portfolio allocated to various asset types such as cash, fixed interest, property and shares. It is a critical aspect of proper portfolio management as it is the main determinant over the long term of the performance of any diversified portfolio. Our asset allocation strategy is determined taking into account the nature and requirements of policyholder liabilities, the minimum rate of return (which requires a long term view) and the economic and investment climate from time to time. This asset allocation strategy is revised in line with changing market conditions.

We have ten asset allocation strategies which lie behind our diversified portfolios. Each has a permitted range of investments which govern how much can be invested in each sector. Each is reviewed periodically to ensure it delivers the best possible combination of risk and return for the type of investor for whom it is designed

4. Monitoring →

We monitor the performance of the investment managers on a regular and ongoing basis. Their performance is measured against agreed benchmarks. The Investment Committee has quarterly meetings with investment managers where strategy and performance are discussed.

8 Investment guidelines

The following investment guidelines and requirements relate to the day to day management of the assets. Where appropriate, the Investment Committee can deviate from these.

Fixed Interest

- ▶ We restrict government- guaranteed investments to governments with a credit rating equal or higher than that of the NZ Government as measured by Standard and Pools. No holding in a single non-government entity will exceed 7.5% of the market value of the portfolio.
- ▶ Non-government guaranteed investments, other than mortgages, will be well diversified each with a level of security equivalent to a credit rating of at least Standard and Pools BBB-.
- ▶ Mortgage loans will be no more than 80% of the market value of the property at the time of investment.

Cash

Cash and cash equivalent investments will be invested with organisations with a level of security equivalent to a Moody's A rating.

Shares

- ▶ Investments will be confined to widely held securities trading in recognised markets.
- ▶ No holding in a single company will be over 3% of the market value of the Portfolio.
- ▶ Voting rights will be exercised in the best interests of the long term performance of the portfolio.

Property

Property investments may be either direct investments, unit trusts or listed property vehicles.

International

We will manage currency risks arising from international investments by forward currency dealing as considered appropriate. Generally, bond investments are hedged and share investments are unhedged. The level of hedging will not exceed the value of the investment.

General

- ▶ All investments will be made in accordance with any applicable legislation.
- ▶ Borrowing will not be considered except for the purposes of the prudential management of cashflow.
- ▶ No investment in antiques, art, stamps, gold, silver or commodities will be made.



- ▶ Futures, options and synthetics will be utilised for the prudential investment management of the portfolios, but such investments will not be used for gearing purpose except for the Aggressive and Options Portfolios, and the Aggressive Kiwi and Options Kiwi Fund.
- ▶ To achieve economies of scale, investments in different portfolios are pooled.

Tax

Fidelity KiwiSaver Scheme Funds are all taxed as PIEs. For non-KiwiSaver products, we account for tax based on the rate applicable to life insurance companies, currently 30%. Investors in our products receive a tax-paid return so no further tax is payable.

Investment Management Fees

All investment management fees, including Fidelity Life's fees, are deducted before returns are declared.

Market Indices

the market indices that will be used to assess benchmark performance are:

NZ/Aust Shares	NZSX50 (Portfolio) Index with imputation credits
International Shares	MSCI World Price Index with dividends converted to NZ dollars
Property	NZSX Property Sector (Gross) Index
NZ Bonds	NZX NZ Government Stock Index
International Bonds	Citigroup World Global Bond Index hedged to NZ dollars
Cash	NZX NZ 90 Day Bank Bill Index

Where indices are used for establishing performance objectives or evaluating performance, we make appropriate adjustments for tax.

Investment Managers (October 2008)

Cash

- ▶ National Bank of NZ
- ▶ Kiwibank
- ▶ ING (NZ)
- ▶ Tyndall Investment Management New Zealand (Tyndall)

Mortgages

- ▶ Fidelity Life

Property

- ▶ Fidelity Life

NZ Fixed Interest/Bond Options

- ▶ ING (NZ)
- ▶ Tyndall

International Fixed Interest

- ▶ State Street International (Ireland)
- ▶ Vanguard Investments Australia

NZ Shares

- ▶ AMP Capital Investors
- ▶ Tyndall investment Management

International Shares

- ▶ State Street Global Advisors, Australia
- ▶ iShares (Barclays Global Advisors)
- ▶ Dimensional Fund Advisers (via Stewart Group)
- ▶ Fidelity Global Shares Fund

Currency

- ▶ ING (NZ)
- ▶ Currency advice: Bancorp Treasury Services

Investment Advice

- ▶ MCA NZ

AMP Capital Investors



AMP Capital Investors manages the bulk of Fidelity Life's New Zealand equity portfolio.

Background

AMP Capital Investors is a specialist investment manager with over \$120 billion in funds under management worldwide and \$11 billion in funds under management within New Zealand. As a wholly owned subsidiary of AMP, it operates independently with a pure investment focus, but benefit from the resources of their parent. With almost 200 in-house investment professionals and a carefully selected global network of investment partners, they offer significant depth and breadth of investment expertise.

Increasingly, delivering superior returns to clients involves looking beyond traditional techniques, to a new generation of investment portfolios. These require the blending of any number of inputs such as securities, asset classes, countries, styles and even managers to obtain the optimal risk and return outcome. To do this well, requires real depth of in-house investment expertise, a business philosophy open to partnering and specialist capabilities designed to integrate and maximise the two.

AMP Capital has specialist investment teams across a diverse range of disciplines. Each team focuses on searching out and creating the best investment outcomes for our clients.

They also collaborate with like-minded investment specialists around the world, leveraging joint expertise to create new investment opportunities.

The NZ equity team of five people is headed by Guy Elliffe and his deputy, John Phipps, both with over 25 years' industry experience. The NZ equities universe of about 80 stocks is divided among the team by industry sectors.

Investment Philosophy and Approach

AMP Capital Investors is philosophically an active investment manager. Our aim is to deliver superior investment performance over the medium term.

10 Investment Managers' Profiles

(continued)

Their investment approach capitalises on the strength and breadth of their investment expertise and is characterised by three distinctive capabilities:

- ▶ **Multiple perspectives:** Research drives every investment decision. Their specialist investment teams interact, sharing knowledge and insights to gain multiple perspectives. This diversity of thought allows AMP to see things differently, often producing unique insights that create new ways to add value to clients' portfolios.
- ▶ **Progressive portfolio construction:** The new generation of investment portfolios demands increasingly complex portfolio construction decisions. With this in mind, AMP has developed proprietary skills and processes that allow them to select and blend a wide range of investment inputs, from individual securities to the right investment partner. They use these skills to meet the diverse risk/return objectives of clients.
- ▶ **Access to rare investment opportunities:** AMP's scale, brand and relationships give them a competitive edge in deal sourcing and origination. This access to scarce assets opens up new and different investment opportunities.

Underpinning these capabilities are AMP's people. They seek to attract the best people, invest in their ongoing professional development and ensure their interests are clearly aligned with those of clients.

AMP believes that the New Zealand market is inefficient with the potential for securities to be undervalued or overvalued. They identify mis-priced securities through a combination of thorough fundamental research, based on the long-term drivers of economic value and disciplined valuation analysis.

Behavioural finance research also supports their philosophy and has demonstrated that investors do not always act rationally, either individually or in groups. For example, some investors may overconfidently assume that temporary or cyclical factors will extend to structural change, while others may perpetuate momentum through consensus thinking (herding) or panic, leading them to sell or buy below or above a security's true value.

Empirically, the strongest evidence supporting AMP's philosophy is that, over the long-term, the products which have had a consistent investment philosophy since inception have added value.

Stewart Financial Group/Dimensional Fund Advisors



Stewart Financial Group is responsible for managing part of Fidelity Life's international share portfolio through its overseas equity manager, Dimensional Fund Advisors (Australia).

Background

Stewart Financial Group (SFG) was established in 1986 as a New Zealand family-owned company. SFG offers specialised wealth management solutions to high net worth individuals, family and charitable trusts, and New Zealand based financial institutions. SFG has funds under management in excess of \$125 million.

Dimensional Fund Advisors (DFA) was established in the US in 1981 with its Australian operation established in 1994. DFA manage assets for institutional investors and the clients of registered financial advisors. It has offices in Sydney, Santa Monica, London and Austin. Collectively the DFA group of companies has \$190 billion under management.

Investment Philosophy and Approach

SFG and its fund manager DFA have the same academically driven investment philosophy, based on the following principles:

- ▶ Markets are efficient
- ▶ Risk and return are related
- ▶ Diversification is imperative
- ▶ Structure determines investment performance

This philosophy is applied using a three-factor model which has been derived from over fifty years of financial market research by professors Eugene Fama and Ken French:

- ▶ **Market:** stocks are riskier than bonds and have greater expected returns
- ▶ **Size:** small company stocks have higher expected returns than large company stocks
- ▶ **Price:** lower-priced "value" stocks have higher expected returns than higher-priced "growth" stocks

The structured passive investing approach employed by SFG and DFA has over time out-performed many active fund managers who pick stocks to try and 'time' the market and index managers who mimic arbitrary benchmarks. When combined with smart and patient trading, this freedom from traditional approaches allows the scientific manager to lower costs, and deliver higher returns by gaining exposure to sub-sectors of the market.

ING



ING New Zealand (ING) is responsible for managing part of Fidelity Life's New Zealand fixed interest portfolio, cash and passive currency hedge.

Background

ING is part of the global ING Group - one of the world's largest investment, banking and insurance groups. In New Zealand, ING's objective is to help clients meet their financial goals through the accumulation, investment and protection of wealth.

Operations in New Zealand began in 1989 under the name Armstrong Jones. In 1996 Armstrong Jones became an ING company and changed its name to ING (NZ) Limited in March 2002. Also in 2002, ING Group and ANZ Bank formed an ING-branded joint venture, creating a new force in funds management and life insurance in Australia and New Zealand. The joint venture is owned 51% by ING Group and 49% by ANZ Bank.

ING has been named Morningstar Fund Manager of the Year award for twelve years out of the last sixteen, most recently in 2007. They were also named the FundSource Fund Manager of the year for 2006, and in May 2007 they were named the INFINZ/Chapman Tripp Fund Manager of the year.

Investment Philosophy and Approach

ING is an active investment manager, with a solid track record and an experienced team of professionals. Their investment philosophy is based on the clear understanding that when clients invest money with them, they want ING to help them build wealth over a number of years, at an acceptable level of risk.

Since 1989, ING has developed and refined a disciplined investment process that enables them to be proactive, informed decision-makers, increasing their ability to consistently add value over and above index returns.

All investment decisions are based on high-quality research and analysis of both specific investment assets and broad economic conditions.

State Street Global Advisors

STATE STREET GLOBAL ADVISORS | SSGA

State Street Global Advisors (SSgA) invests in international equities and international fixed interest for part of Fidelity Life's International Investment Portfolio and for part of the New Zealand Shares Portfolios.

Background

SSgA is a wholly owned subsidiary of State Street Corporation which can trace its heritage to 1792. SSgA was established in 1978 to provide innovative, quantitatively driven investment management services to institutional investors, and today, SSgA manages around \$1,700 billion in assets globally. SSgA has been managing portfolios for Australian and New Zealand clients since 1986, with funds in excess of \$15 billion currently managed in indexed international equities, and a further \$13.4 billion in cash and fixed income strategies.

Investment Philosophy and Approach

International equities

The SSgA index international equities strategy provides investors with a broad well-diversified portfolio of international shares. Clients' funds are invested across a diversified range of companies in all major sharemarkets resulting in the delivery of returns that replicate the MSCI World ex-Australia Index. This strategy provides a low-cost, predictable way to capture the returns of international sharemarkets. Stock is purchased for the portfolio in the same weight as it appears in the index resulting in returns that closely mirror that of the index. This strategy also eliminates the risk of active managers who may underperform the benchmark.

Fidelity also invests in SsgA's Global Plus and regional trusts.

12 Investment Managers' Profiles

(continued)

Tyndall Investment Management NZ

The logo for Tyndall Investment Management NZ, featuring the word "Tyndall" in white serif font on a dark blue background, with a yellow vertical bar to the right.

Tyndall is responsible for managing Fidelity Life's Options portfolio, part of the New Zealand fixed interest and cash portfolios, and some Australian shares. A recent addition to the investment portfolio has been an ethical fund.

Background

Tyndall has around \$3.5 billion of funds under management, yet with a small group of clients, is able to provide excellent and tailored wholesale investment management services. It is part of the Suncorp-Metway Group, which merged with the Promina Group in 2007. Fidelity has direct access to Tyndall's highly skilled and experienced staff. Thus, Tyndall can be characterised as a boutique investment manager operating within the controlled risk environment of a larger corporate.

Tyndall's 2007 Morningstar Fund Manager of the year award as well as the 2005 and 2006 INFINZ Fund Manager of the Year award was a direct result of the excellent domestic portfolio performance from its New Zealand fixed interest and equity teams. These teams have displayed consistent long term investment performance, through all investment cycles.

Investment philosophy and approach

Tyndall's investment philosophy is that "focused active investment management adds value". This is based on its view that informed decision making by experienced managers operating within a controlled, professional environment will outperform a passively managed portfolio.

Tyndall's investment process focuses on return and risk. It employs professional investment managers for domestic asset classes (equities and fixed interest) and is able to independently select "best in class" offshore managers. It believes that the sound human judgement of its domestic team and offshore managers is crucial.

Tyndall's investment philosophy flows through to the investment management of each asset class – both those that are internally and externally managed. Tyndall's philosophy and style are regularly reviewed to ensure they remain relevant and effective.

Fixed interest

Tyndall's investment style has been developed to add incremental returns to portfolios without incurring high levels of investment risk. This low risk approach is designed to reflect the conservative nature of fixed income assets. It is a medium term investor focused upon anticipating where rates will be in 6-12 months and positioning the portfolios for significant movements in interest rates.

Tyndall focuses on duration management and achieving a high running yield on clients' portfolios. The decision making process revolves around interpreting and forecasting possible changes to monetary policy and quantifying the likely impact on portfolio performance. Along with duration management, and yield curve enhancement, a further key determinant in the management of the fixed interest portfolio is corporate debt management.

Tyndall seeks performance enhancement through diversification into and switching between the different classes of fixed interest assets i.e. Government Stock, Local Authority Stock and Corporate Bonds whilst still maintaining their primary duration objectives. Exposure limits are applied to control credit risk. Tyndall's experience in managing corporate and non-government debt is a significant point of differentiation from other fund managers.

Tyndall's **Options Portfolio** uses cash assets as collateral security for derivatives, in particular selling options on long-term NZ, US, Euro bloc or Australian Government stock.

The **Aggressive Australasian Equities fund** is a collection of Tyndall's domestic equity managers' highest conviction ideas, and is managed as a benchmark-unaware, absolute return style. The over-riding objective of this strategy is to provide returns well in excess of cash over the medium term. In the event no suitable equity investments arise, then cash can be held to aid in the protection of underlying capital. Investment positions are heavily concentrated in companies that exhibit the best potential for performance.

The **Ethical Balanced Fund** is a diversified fund with an ethical overlay. Global equity management is out-sourced to Foreign & Colonial Investments which employs one of the largest ethical investments committee in Europe independent of the portfolio management team. F&C has both negative screening of stocks as well as strongly engages positively with corporates on ethical issues. The domestic equities portion of the fund is managed by Tyndall's domestic equities team which has a track record of over 7 years in ethical investing.

Barclays Global Investors (BGI)

BARCLAYS GLOBAL INVESTORS

Part of our international share exposure is invested in listed iShares ETFs.

BGI is the promoter of various iShares Funds. The iShares Trust is a registered investment company and consists of over 50 separate investment portfolios, called “Funds”. Each is separately listed and traded on US and other exchanges.

Barclays Global Fund Advisors (BGFA) is the investment adviser to the iShares Funds, of which we use four currently. It is a subsidiary of BGI which in turn is a subsidiary of the UK-based Barclays Bank PLC.

BGFA has overall responsibility for the general management and administration of the iShares Trust.

iShares are distributed by SEI Investments Distribution, which is not affiliated with BGFA or BGI.

Vanguard Investments Australia Ltd



Vanguard INVESTMENTS

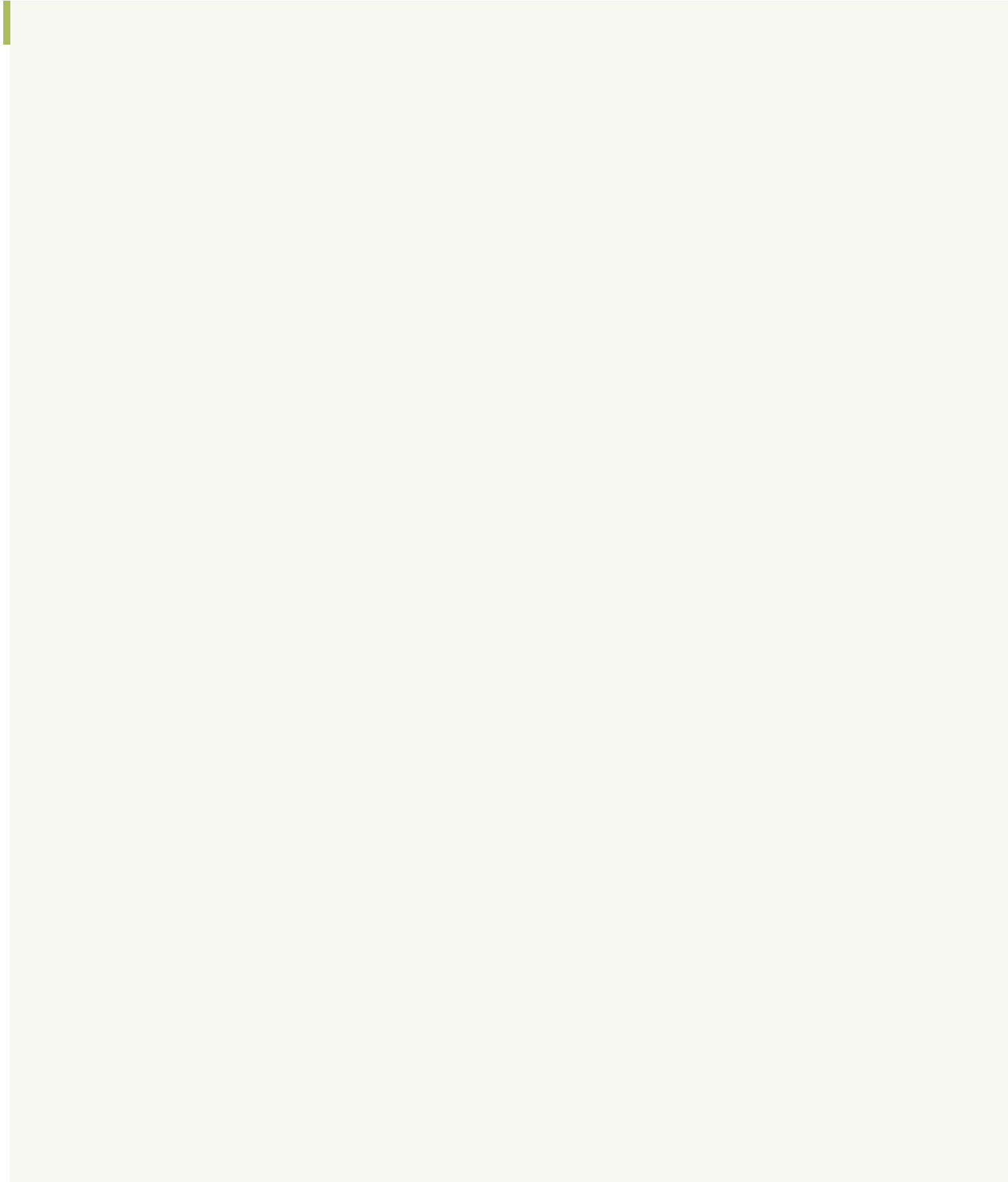
Vanguard manages part of our international fixed interest exposure.

Vanguard Investments Australia Ltd is a wholly-owned subsidiary of The Vanguard Group Inc (Vanguard), which is based in the US and currently manages more than A\$1.6 trillion for over 23 million institutional and personal investor accounts, as at 30 September 2008.

In Australia, Vanguard has established a reputation as an index specialist, managing over A\$68 billion in funds under management, as at 30 September 2008.

Index funds invest in securities designed to deliver investment returns which closely match the total returns of particular market indexes. They do not attempt to pick stocks in an attempt to out-perform the market or to time the market. They merely “offer the market” and hence adopt a buy and hold strategy. Vanguard’s view is that, over the long term, it is very difficult to continually pick winners and that the majority of active funds have historically underperformed market indices after costs and fees. In contrast, index funds provide broad diversification, simplicity, and low costs (particularly lower management fees) – it costs less to manage an index fund than an active fund.







1 November 2008

The provisions set out prevail at the time this brochure is issued, but may be changed without notice if economic, taxation or other circumstances impacting on the plan change.

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