

Fund update for the quarter ended: 30 September 2017

This fund update was first made publicly available on 6 November 2017.

What is the purpose of this update?

This document tells you how the Lifelong Education Fund (New Zealand) has performed and what fees were charged. The document will help you to compare the Fund with other funds. Australian Scholarships Group Friendly Society Limited (ASG) prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Lifelong Education Fund (New Zealand) is a versatile plan designed to help you save for any stage of your education journey. It provides the flexibility for you to determine how much you contribute, how often, and when your benefits will be paid to help fund your ongoing education. Benefits can be used to help with education expenses across a wide range of post-secondary and vocational training courses.

The investment strategy for the Fund is to provide long term returns in excess of inflation using a range of investment funds managed by professional fund managers to achieve a conservative balanced risk profile.

Total value of the fund ¹ :	\$1,387,633.23
The date the fund started:	4 August 2017

What are the risks of investing?

Risk indicator for the Lifelong Education Fund (New Zealand).



*As the Fund has been in existence for less than 12 months, market index returns have been used rather than the Fund's actual returns to calculate the risk indicator (for five years to 30 September 2017). As a result of these returns being used, the risk indicator may provide a less reliable indicator of the potential volatility of the Fund.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at sorted.org.nz/tools/investor-kickstarter

Note that even the lowest category does not mean a risk free investment, and there are other risks that are not captured by this rating. This risk indicator is not a guarantee of a fund's future performance. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the Fund performed?

	Past year
Annual return (after deduction for charges and tax)	Not applicable
Annual return (after deductions for charges but before tax)	Not applicable
Market index annual return ² (reflects no deduction for charges and tax)	7.63%

The market index return reflects the benchmark index returns for the relevant period prior to any deduction for charges and taxes. Additional information about the market index is available in the Statement of Investment Policy and Objectives (SIPO) on the register at companiesoffice.govt.nz/disclose

The tax rate for the Fund is 30 per cent, which is reflected in the annual returns shown for the Fund, however it should be noted that the value of the tax paid by the Fund is recouped at the time that Scholarship payments are made to eligible beneficiaries. As such, the annual returns stated here potentially understate the actual returns that will be ultimately payable to eligible beneficiaries. Please refer to the Product Disclosure Statement for further information.

What fees are investors charged?

Investors in The Lifelong Education Fund (New Zealand) are charged fund charges. In the year to 30 September 2017, these were:

	% of net asset value
Total annual fund charges	1.67%
Which are made up of:	
Total management and administration charges	1.67%
Including:	
Manager's basic fee	1.30%
Total performance-based fees	0.00%
Other management and administration charges	0.37%* ³
Other charges	\$ amount per investor
Enrolment fee (one off fee on joining ASG)	\$89.00
Administration fee	\$60.00

*This amount is an estimate.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from funds). See the Product Disclosure Statement (PDS) for more information about those fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

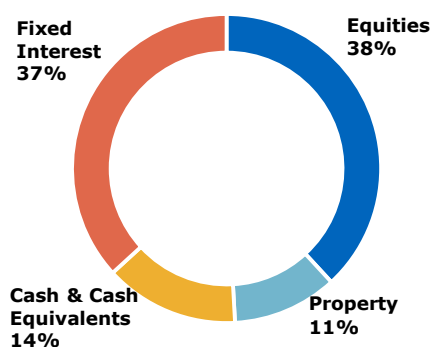
Example of how this applies to an investor⁴

Jason had \$10,000 in the Fund at the start of the year and did not make any further contributions. At the end of the year, Jason's Member Account was credited with a declared bonus, of \$763 (that is 7.63 per cent of his initial \$10,000). Jason also paid \$60 in other charges. This gives Jason a total profit before tax of \$703 for the year. Please refer to the Product Disclosure Statement (PDS) for further information.

What does this fund invest in?⁵

This shows the types of assets that the Fund invests in.

Actual investment mix at 30 September 2017



Target investment mix⁵

	Target	Range
Cash & Cash Equivalents	15%	0% – 100%
Fixed Interest	40%	0% – 70%
Australian Equities	12%	0% – 40%
International Equities	30%	0% – 40%
Property and Infrastructure	3%	0% – 20%
Mortgage Securities	0%	0% – 10%

Top 10 investments

Asset Name	% of Net Assets	Type ⁵
Russell Global Bond Fund hedged to NZD	24.98%	Fixed Interest
NZ Term Deposits	14.07%	Cash & Cash Equivalents
JANA Tailored Fixed Interest Trust	11.82%	Fixed Interest
Charter Hall Direct Office Fund	10.99%	Property and Infrastructure
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged	10.34%	International Equities
Vanguard International Shares Select Exclusions Index Fund - AUD Unhedged	10.22%	International Equities
JANA High Alpha Australian Share Trust	4.62%	Australian Equities
JANA Core Australian Share Trust	4.61%	Australian Equities
MFS Emerging Markets	4.16%	International Equities
Lazard Listed Global Infrastructure	3.00%	International Equities

Currency hedging

The current investments in the fund contain a mixture of hedged and unhedged assets to the New Zealand Dollar. Please refer to the Statement of Investment Policy and Objectives for more information.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund.

Name	Current position	Time in current position	Other current position	Time in previous or other current position
John Veleginis	Chief Executive Officer	5 years and 3 months		
Bruce Hawkins	Chief Operating Officer	2 years and 9 months		
Kevin Brown	Chief Financial Officer	17 years and 3 months		

Further information

You can also obtain this information, the Product Disclosure Statement (PDS) for Lifelong Education Fund (New Zealand), and some additional information from the offer register at companiesoffice.govt.nz/disclose

Notes

- Both the Pathway Education Fund (New Zealand) (OFR12057) and the Lifelong Education Fund (New Zealand) (OFR12088) are offers under the Pathway Education Fund (New Zealand) managed fund investment scheme (SCH12055). The total value of the fund figure represents the total value in the scheme across both offers.
- The market index return reflects the benchmark index for the relevant period. The market index returns are based on a composite of market index returns and are provided as a gross value prior to any charges or taxes being deducted.
- This investment management cost is an estimate only and can vary from 0.00% to 0.50% p.a. depending upon the investment managers in place at any time.
- As the fund has been in existence for less than 12 months, the example uses market index return data for the past year to 30 September 2017 rather than actual returns. The market index returns are based on a composite of market index returns and are provided as a gross figure with no fees or taxes deducted. As a result of using market index return data, the example is not reflective of the after tax profit that would otherwise be outlined if actual returns data was available. The example therefore provides a less reliable indicator of the profit of the fund.
- For further information on each of the asset classes refer to the SIPO.
- The 'Target investment mix' table displays the investment types and the ranges as prescribed by the Rules of the Fund. The 'Target' column details the asset mix ASG's appointed actuary adopts as their long term asset mix for the purposes of calculating and setting projections for the Fund's long term growth. The 'Actual investment mix' pie chart displays the actual investment mix of asset types as at 30 September 2017.

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