

Lifetime

MASTER TRUST



31 March 2023

Glossary of terms

Lifetime Master Trust

Issued by Lifetime Trustee Limited.

This document provides an explanation of terms for the Lifetime Master Trust. This document should be read in conjunction with the Lifetime Master Trust (**Scheme**) product disclosure statement (**PDS**). This document and other material information documents regarding the Lifetime Master Trust can be found at lifetimeincome.co.nz/master-trust or on the Disclose Register at disclose-register.companiesoffice.govt.nz.

Glossary of terms

Term	Explanation
Account	See “Member’s account”.
Accumulation	The process of growing your investments over time, by contributing savings and earning returns. Contrast this to decumulation, where you draw down over time what you have accumulated.
Active management	A strategy that involves selecting and trading specific investments or actively hedging returns with the aim of outperforming the market or an index. This typically costs more than passive management.
Actual asset allocation	The mix of investments that a fund holds at a certain time. This ‘actual’ mix can vary from a fund’s ‘target’ investment mix, although investment managers typically aim to track their targets closely. See “Target investment mix”.
Administration manager	The company appointed by the Trustee to administer the Scheme, currently Lifetime Asset Management Limited (Lifetime).
Administrator	The company that maintains the Scheme’s member registry and financial records, Link Market Services Limited.
Alternative investments	Investments other than the traditional asset classes of cash, bonds, and shares. Examples of alternative investments include real estate, commodities, venture capital, private equity and hedge funds (single or multi manager) which may include derivatives.
Annual report	A report sent or notified to you setting out information about the Scheme. It includes the number of members and whether there have been any material changes to the Scheme during the year.
Asset	Something you buy as an investment because it has the potential to become more valuable in time by being sold for a higher price, or because it produces a regular income, or both. An asset puts money in your pocket, as opposed to a liability, which drains it.
Asset allocation	The mix of investments chosen by an investment manager or investor. Investment funds typically have a certain mix of the main asset classes: cash, bonds, shares or property. A growth investor, for example, would have a mix that included more shares or property (these are called growth assets).
Asset class	A kind of investment, the main ones being cash, bonds, shares and property.
Attributed tax	The tax you pay on your investment returns from the Scheme. This is deducted from those returns.
Attributed tax credit	The rebate or refund of attributed tax that you may be eligible to receive. This is added to your investment returns.
Balance	The amount of money currently in your member’s account.
Benchmark asset allocation	See “Target investment mix”.
Benchmark return	A targeted investment return we set for a fund against which the actual performance of that fund is compared.

Term	Explanation
Bond	A kind of investment that is effectively a loan made to a government or a company which they (as borrower) promise to pay back in full on a specific date, paying regular interest at a fixed or agreed rate until then. For example, a city may sell bonds to raise money to build a bridge.
Buy/sell spread	A buy/sell spread is an adjustment to the unit price of a managed fund, which reflects the costs (trading expenses) that a managed fund incurs when it buys and sells assets. A buy spread is added to the unit price when units are purchased, and a sell spread is deducted from the unit price when units are sold.
Capital	The money you put into an investment.
Capital growth	How much your investments have grown in value. For example, if you invest \$100,000 (your capital) into shares and after a year they're worth \$110,000, your capital growth is \$10,000, or 10% more.
Capital loss	How much your investments have reduced in value. For example, if you invest \$100,000 (your capital) into shares and after a year they're worth \$90,000, your capital loss is \$10,000, or 10% less.
Cash	One of the main kinds of investment that pays interest. Cash includes term deposits, floating rate notes and money market accounts.
Commodity	An alternative investment that is typically a raw material or agricultural product, such as copper or coffee.
Confirmation information	An annual statement setting out your balance and contributions.
Counterparty	The other party/organisation with whom we enter into a contract - often to trade investments or for a service such as administration.
Currency	The money used in a particular country, such as New Zealand or Australian dollars.
Currency hedging	See "Hedging".
Custodian	An organisation that keeps hold of the assets of the Scheme. The custodian for the Scheme is currently Adminis Custodial Nominees Limited.
Deferred Member	A person who has ceased to be a member but who has not received full payment of their benefit due to choosing to defer receiving their benefit.
Decumulation	Gradually drawing down on the balance built up in your member's account. In the Scheme, you usually accumulate during your working years with your employer and have the option of decumulating in the years after leaving the service of your employer.
Defined contribution scheme	A superannuation scheme or retirement plan where benefits for each member are based on contributions paid by and on behalf of the member and returns earned by those contributions after fees and taxes.
Derivatives	Financial contracts whose value depends on the future value of investments. Derivatives can be used for hedging or to gain exposure to an asset class or security.
Disclose Register	The official New Zealand government register of schemes and offers. See disclose-register.companiesoffice.govt.nz .
Dispute resolution scheme	An independent company that can help you resolve a dispute with your financial services provider - at no cost to you. You can find the Scheme's dispute resolution scheme in the product disclosure statement.
Diversification	A strategy designed to reduce your investment risk. Diversifying investments means spreading them across many assets in many industries here and abroad. Most managed funds are diversified for you.

Term	Explanation
Employer	A person, company, firm or association who has established a workplace savings plan under the Scheme.
Employer contribution	The after-tax amount your employer puts in to your member's account. The rate of employer contributions is set out in your employer's Plan participation agreement.
Equities	See "Shares".
Exchange	A marketplace where investments such as shares and bonds are traded.
Fees	The cost that each member and/or their employer pays for their scheme membership, typically a fixed member fee and a percentage of their account balance.
Financial adviser	Someone who can give you financial advice. Financial advisers are regulated by the Financial Markets Authority. You can find out about getting financial advice at fma.govt.nz/investors/getting-financial-advice .
Financial Markets Authority (FMA)	The New Zealand regulator responsible for promoting the development of fair, efficient and transparent financial markets. The FMA regulates all workplace savings schemes. See fma.govt.nz .
FMCA	The Financial Markets Conduct Act 2013 as amended from time to time.
Fixed interest investment	A kind of investment, such as bonds or term deposits, that pays the investor interest payments over a set period of time (at rates that are fixed or agreed when the investment is made).
Foreign exchange rate	The rate at which one currency can be exchanged for another.
Fund	A pool of money from many individuals that an investment manager invests. The Scheme has a number of funds within it to choose from. There are different types, such as conservative, balanced or growth, each with a different mix of growth assets and income assets.
Fund update	An annual update about how the Scheme's funds have performed. The update is available on lifetimeincome.co.nz/master-trust and on the Disclose Register.
Growth assets	"Growth" assets such as shares and property have more potential to grow in value over the medium to long term than income assets (although they also involve more risk and may have greater ups and downs in value).
Hedging	A way that investment managers help protect investors against the risk of prices of underlying investments suddenly dropping. For currency hedging, for example, they will lock in a future foreign exchange rate for an overseas currency to convert into New Zealand dollars, making sure that it will not be lower than planned.
Income assets	Sometimes called "defensive assets", these kinds of investments pay a regular amount of interest. Cash and fixed interest investments are examples of income assets. Income assets generally have fewer ups and downs in value than growth assets and involve less risk, but generally will have lower returns over the long term.
Index fund	A fund that aims to hold investments that mirror a given index using passive management.
Investment fund	See "Fund".
Investment manager (Scheme)	We appoint an investment manager to maintain and review our investment policies and objectives, monitor the performance and review the selected underlying fund managers, and to provide other services regarding the investments of the Scheme. The current investment manager of the Scheme is Lifetime Asset Management Limited (Lifetime).

Term	Explanation
Investment Manager (underlying fund)	In relation to an underlying fund means the underlying fund manager or another party appointed by the underlying fund manager to act as investment manager of an underlying fund.
Investment objective	A description of the return that the manager of a fund is aiming to achieve over a stated period. The investment objective will also usually include how much risk or volatility is expected.
Investment performance	The results a fund gets – how much your investments return to you. These can be gains or losses, depending on whether the assets that a fund holds go up or down in value or produce enough income.
Investment range	The restrictions (set out in a statement of investment policy and objectives) on the extent to which a fund's actual asset allocation can vary from its target investment mix at any time in terms of growth assets and income assets and by asset class.
Investment return	This is the money you make on your investment in the Scheme. Your return can be positive or negative.
Investment risk	See "Risk".
Investment timeframe	How soon you expect to need your money back from your investments at any time. If you are investing for retirement, for example, this may be a way off.
Listed investments	Investments listed or quoted on an exchange. Listed investments are typically less risky than unlisted investments.
Managed fund	A pool of investors' money invested by one or more investment managers. The Scheme is a managed fund.
Manager	The Trustee of the Scheme, Lifetime Trustee Limited.
MBIE	The Ministry of Business, Innovation and Employment. MBIE develops and delivers policy, services, advice and regulation to support business growth and the prosperity and wellbeing of all New Zealanders.
Member (you, your)	Someone, other than a Deferred Member, who belongs to the Scheme and is entitled to its benefits.
Member's account	Your personal account holding the full balance you have in the Lifetime Master Trust.
Member contribution	The amount you put in to your member's account.
Participation agreement	This is the agreement, or other document, that admits your employer to the Scheme on the terms and conditions in that document and the Scheme's trust deed.
Passive management	A strategy that aims to automatically purchase and sell investments to mirror the holdings of an index. This typically costs less than active management.
Portfolio investment entity (PIE)	A fund, such as the Scheme, that pays tax based on each member's prescribed investor rate (PIR).
Prescribed investor rate (PIR)	The rate at which your returns are taxed when you are in a scheme that is a portfolio investment entity. We will use the PIR provided by you unless we are notified by Inland Revenue to use a different PIR. If you don't tell us your PIR, we will tax your investments at 28%. You can find out more about choosing the right PIR at ird.govt.nz/pir .
PDS Supplement	The booklet containing the specific rules and conditions that apply to employees of each employer.
Product disclosure statement (PDS)	A key document that describes how the Lifetime Master Trust works, including information about the Trustee. It also gives you an understanding of the funds, their risks and returns, and the fees.

Term	Explanation
Plan	A workplace savings plan established under the Scheme by an employer.
Property	A type of investment. Property generally refers to commercial property (not the family home) owned through property trusts or companies who own or develop property as their business. Property can be listed on an exchange or be unlisted.
Rebalancing	Changing the allocation of assets to move closer to the targeted investment weights.
Return	See “Investment return”.
Risk	The chance that you will not recover the full amount of your investment or that you may receive a different level of return than what you expected to receive.
Risk indicator	A graphic to help you see at a glance how likely the value of a fund’s investments is to go up and down. Fund updates and product disclosure statements include risk indicators.
Risk profile	The amount of risk you are prepared to take on when you invest. Knowing your profile helps you pick the fund that suits you best.
Scheme	Lifetime Master Trust.
Shares	A kind of investment that gives part ownership in a company and can bring returns from profits shared by the company (dividends) or from selling the shares for more than you paid. Shares are growth assets and are also known as equities or stocks.
Statement of investment policy and objectives (SIPO)	The document that details the investment strategy and goals for the Scheme and each fund in the scheme and how scheme investments are required to be managed. It is also known as a SIPO. The Scheme must have one, and you can get it from the Disclose Register disclose-register.companiesoffice.govt.nz .
Stocks	See “Shares”.
Strategic asset allocation	See “Target investment mix”.
Superannuation scheme	A type of retirement savings scheme. Typically, money is invested into a managed fund, aimed at providing a lump sum or income for the years after you stop working.
Swing pricing	A swing price adjustment may apply to the unit prices of a managed fund. The swing price adjustment (up or down) to the unit price provides for the net trading costs incurred by the underlying fund.
Tactical asset allocation	A short-term strategy that adjusts a fund’s asset allocation to take advantage of market conditions or pricing anomalies.
Target date fund	A diversified fund that invests in a mix of growth and income assets that moves towards a more conservative mix of investments as it approaches a particular year in the future, known as the ‘target date’. Investors choose a fund with the right target date based on their particular investment goal. The manager of the fund then makes all decisions about asset allocation, diversification, and rebalancing.
Target investment mix	The long-term average expected weighting (‘target’) for each asset class. This may be different to the actual investment allocation, which is what the fund actually holds. ‘Target investment mix’ is the prescribed term in the Financial Markets Conduct Regulations 2014 and used in the PDS and Fund update. In the SIPO, the industry term is used – either ‘benchmark asset allocation’ or strategic asset allocation.
Tax	See “Attributed tax”.
Treasury bill	A kind of bond issued by a government, usually short-term borrowing (such as 90 days).

Term	Explanation
Total and permanent disablement	If your employer's Plan includes an insured total and permanent disablement benefit, the criteria for being totally and permanently disabled are set out in the Plan's insurance policy.
Total but temporary disablement	If your employer's Plan includes an insured total but temporary disablement benefit, the criteria for being totally but temporarily disabled are set out in the Plan's insurance policy.
Trust deed	The governing document for the Scheme that sets out how the Scheme operates, and what the Trustee can and can't do with your money. It covers the rights and responsibilities of members, employers and the Trustee.
Trustee (we, our, us)	The organisation designated by the trust deed as being the Trustee, and that has responsibility for administering the Scheme and managing the Scheme's investments. The Trustee for the Scheme is Lifetime Trustee Limited.
Underlying fund	A fund that another fund invests in.
Underlying fund manager	The licenced managed investment scheme manager of the scheme and underlying funds in which the Lifetime Master Trust Funds invest.
Units	Contributions to the Scheme are used to buy units in the funds you choose. You cancel the purchase when you withdraw money. Units do not give you legal ownership of the fund's assets but they do give rights to the returns on the assets.
Unit price	The price of buying or selling each unit in a fund. The unit price moves up and down reflecting the value of the investments in a fund. Your balance is calculated by multiplying the number of units you have by the unit price on the day.
Unlisted investments	Investments that are not listed or quoted on an exchange like the stock exchange. This tends to make them harder to sell than listed investments.
Volatility	Fluctuations in an investment's value over time.
Working day	Working day means a day of the week other than: <ul style="list-style-type: none"> a. a Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's birthday, and Labour Day; and b. a day in the period commencing with 25 December in a year and ending with 2 January in the following year; and c. if 1 January falls on a Friday, the following Monday; and d. if 1 January falls on a Saturday or a Sunday, the following Monday and Tuesday; and e. if Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday



Contact us

Our helpdesk staff are available to assist you with any queries. Please note that our contact centre staff are not able to provide you with financial advice.

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