



AIA House,
74 Taharoto Road,
Takapuna,
Auckland 0622
-
Private Bag 92499,
Victoria Street West,
Auckland 1142

Phone (Int.) +64 9 487 9963
Freephone 0800 500 108
Freefax 0800 329 768
-
enquireNZ@aia.com
aia.co.nz

Investor Plus Fact Sheet

Profile

Product type	Unit linked savings with insured benefits life insurance policy
Product Commencement	January 1989
Product Closure	December 2003
Product Disclosure Statement	A PDS is not required for products which are no longer on sale. Please refer to the last issued Investment Statement at the end of this document.

Tax

Tax	28% tax paid at a fund level
PIE status	Not a PIE compliant product. This product only has 'quasi-PIE' status – that is, no tax on capital gains on Australasian shares

Fees and charges

Contribution Fee	A fee of 5% applied to additional lump sum contributions only and these are no longer allowed.
Foundation Unit Charge	3% per annum on foundation units only plus the funds under management (FUM) fee that applies. These fees are deducted during unit pricing.
FUM Fee	Depends on the fund selected but these range from 0.25% - 1.25% p.a. and are deducted during unit pricing
Underlying Fund Manager Fee	Nil. Prior to 1 December 2022, actual charges varied but generally ranged from 0% - 2% and mainly applied to specialist equity funds
Surrender penalty	Charged on Foundation Units only if terminated prior to the end of the nominated term. Difference between cash value and fund value.
Policy/Administration Fee	\$6.46 per month (2021) – CPI indexed annually
Fund Switches	Available at any time

Commission

Commission – regular contributions	2.5% of regular non-indexed premiums 4.0% of regular indexed premiums
------------------------------------	--



Features

Investment Funds	A choice of 5 diversified managed funds and 14 specialist funds
Risk Benefits	Death, Accidental Death, TPD, Critical Illness, Disability Income, Business Overheads, Waiver of Premium. In the event of death, a benefit of the greater of the life cover shown in the policy schedule or the fund value at date of death is payable and is subject to a minimum death benefit. The minimum death benefit is 101% of total contributions paid less any cash withdrawals and the accumulated costs of protections benefits other than the cost of the life cover.
Special Investment Bonus	Providing that all regular premiums have been paid when due, a bonus will be applied to the policy at the end of the Basic Term (the later of the assured reaching 65 or the 15 th policy anniversary.) The bonus will be equal to 0.25% for each full year of the policy to a maximum of 5%
Withdrawals	Cash value payable if withdrawal is before end of funding period. Full fund value is available at the end of the funding period. Difference between cash and fund value reflects penalty for early withdrawal.

Investment strategy

Investment Style	Passive
Hedging	50% on exposure to the SuperLife Overseas Shares Fund, 100% on exposure to the SuperLife Overseas Bond Fund
Fund Manager	AIA
Underlying Funds	Varies by asset class. For details see SuperLife Funds for each Asset Class in the Document Library
Asset Allocation	For information on the asset allocation of available Funds and FUM fees, see Unit Linked Product Asset Allocations in the Document Library

Date: February 2023

Investments

Investor Plus

Investment Statement 6 December 2002



SOVEREIGN

Sharing a passion for life

Introduction

This Investment Statement is prepared as at 6 December 2002 for the purposes of the Securities Act 1978. There is a registered prospectus containing the offer of securities to which this Investment Statement relates.

Glossary

A Glossary of terms appears on pages 22 and 23 of this Investment Statement.

Important Information

(The information in this section is required under the Securities Act 1978).

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an Investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

- What sort of investment is this? 4
- Who is involved in providing it for me? 5
- How much do I pay? 5
- What are the charges? 8
- What returns will I get? 10
- What are my risks? 15
- Can the investment be altered? 16
- How do I cash in my investment? 18
- Who do I contact with enquiries about my investment? 20
- Is there anyone to whom I can complain if I have problems with the investment? 20
- What other information can I obtain about this investment? 21

In addition to the information in this document, important information can be found in the current registered prospectus for the investment.

You are entitled to a copy of that prospectus on request.

Choosing an Investment Adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- Whether the adviser gives advice only about particular types of investments;
- Whether the advice is limited to the investment offered by one or more particular financial organisations;
- Whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within five working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- If an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

Investor Plus – a tailor-made Policy to suit your particular financial and protection requirements.



"Life is no brief candle to me. It is a sort of splendid torch which I have got hold of for the moment, and I want to make it burn as brightly as possible before handing it on to future generations."

George Bernard Shaw (1856-1950)

Sharing a pa

Where there's life, there's passion. It's ours to savour and ours to share.

Life is the delight of family, the expression of love, the prospect of opportunity, the challenge of adversity and the joy of gaining wisdom.

Life is all of these, and so much more – the moments we create, the lifestyle we build and protect are all part of our own splendid torch.

A passion for life influences everything we do for you.

It shows in our commitment to create for you and the people you're passionate about new ways to make the most of your opportunities.

And it shows in the service we offer everyone who has trusted us to be part of their lives. We give your concerns and affairs priority. We put a premium on giving you value and flexibility. We handle your affairs with integrity and dignity. And we do our utmost to provide you with innovative ways to achieve your dreams and goals ... and to protect them once you have.

Share Sovereign's passion for life – and light the way for future generations.



Sovereign for life

Sovereign Assurance Company Limited (Sovereign) is a member of the Sovereign Group of Companies, one of the largest financial services groups in New Zealand.

Members of the Sovereign Group provide a comprehensive range of products and services, including:

- Risk management and insurance products and services
- Investment products, services and fund management
- Superannuation products and services
- A range of flexible home-loan options.

As part of a leading financial services group, Sovereign Assurance Company Limited is destined to touch the lives of many New Zealanders through our ability to meet a wide range of financial needs.

We promise to conduct our partnership with you with respect, and with a commitment to do everything possible to help you achieve your financial goals.

Neither Commonwealth Bank of Australia (the ultimate parent of the Sovereign Group), Sovereign Assurance Company Limited nor any other person guarantee the security offered in this Investment Statement.

Investment Statement

What sort of investment is this?

Investor Plus is a unit-linked life insurance policy designed to provide financial protection against some of the risks in life. Investor Plus combines in one convenient package medium to long-term savings for future financial needs and a comprehensive range of protection benefits. Investor Plus is designed for regular contributions - how these are used to provide savings and protection benefits are described in this Investment Statement.

Investor Plus is a balanced financial planning tool which requires a minimum quantity of insurance protection, either \$50,000 life and/or living insurance cover or \$12,000 per annum disability income insurance.

The Basic Term of your Investor Plus Policy is the longer of 15 years or the period to the 65th birthday of the Primary Life Assured.

Protection benefits

Your ability to reach your financial goals relies to a great extent on having sufficient time to realise these objectives. Premature death, serious illness or disability will affect your financial goals. To reduce these risks - and to give you important "peace of mind"- Sovereign has created a comprehensive range of life assurance and disability protection benefits to complement the Investor Plus investment programme. Investor Plus protection benefits include:

- Accidental Death
- Business Overheads
- Disability Income Protection

- Life Cover
- Living Assurance
- Locum Cover
- Total Permanent Disablement
- Waiver of Premium

These benefits are described in more detail in the benefit sheets enclosed at the back of this Investment Statement. Sample policy wordings are available from your financial adviser or from Sovereign.

Investment funds

Sovereign provides a wide range of investment funds for you to choose from including 5 managed and 14 specialist funds. Each fund has its own risk profile and investment strategy. This range of funds enables you to create the investment portfolio best suited to your needs and circumstances. You can select up to four funds when designing your personal portfolio in Investor Plus. Full details of the investment funds currently available are set out in pages 13 to 14. The availability of these funds may be restricted from time to time.

As an investor you do not own the underlying investments which make up Sovereign's investment funds. Instead, you have rights arising under your Investor Plus Policy to the value of Units in the funds you have selected. These rights are explained in this Investment Statement.

Who is involved in providing it for me?

Sovereign Assurance Company Limited (Sovereign) is the issuer of Investor Plus. Sovereign was established in 1989 and is a member of the Commonwealth Bank Group.

As a life insurance company, Sovereign's principal activities involve the provision of risk management, insurance and investment products and services.

Sovereign's registered office and principal place of business is:

Sovereign House
33-45 Hurstmere Road
Private Bag 93 518
Takapuna
North Shore 1332
New Zealand

Telephone +64 9 487 9000
Facsimile +64 9 487 8003
Freephone 0800 500 103
Freefax 0800 329 768
Email enquire@sovereign.co.nz
www.sovereign.co.nz

Neither Sovereign Assurance Company Limited nor any other member of the Commonwealth Bank of Australia Group guarantees the capital value of any security offered in this Investment Statement or any particular return on your investment.

How much do I pay?

Regular contributions

Regular contributions must be paid either monthly or annually. You can choose to pay either a level contribution or increase your contribution annually, either at a fixed 5% per annum or in line with the Consumer Price Index (see "Can the investment be altered?").

The minimum regular contribution is calculated to ensure:

1. That the cost of your protection benefits can be met for 10 years from the Commencement Date of your Policy; and
2. To provide you with an illustrated cash value of at least \$1,000 on the 10th anniversary of the Commencement Date. This value is based on certain assumptions as set out in the Illustration of Benefits and is not guaranteed.

The minimum contribution calculated as above is subject to an overall minimum of \$100 per month or \$1,200 per year.

You are required to pay regular contributions for as long as the Policy lasts.

Reviews

Sovereign will review the Policy on the initial review date shown in the schedule, each five years thereafter and any time changes are made to the Policy. A revised contribution will be calculated to ensure that the level of the protection benefits selected will be maintained until the next review.

Sovereign may, at its discretion, review the policy five years from the Commencement Date.

Additional lump-sum contributions

You can make additional lump-sum contributions of \$500 or more at any time as long as regular contributions are being made. If you cease paying regular contributions the minimum lump-sum is \$2,000.

Paying contributions

Payments may be made by cheque to **Sovereign Services Limited** (crossed "not transferable" or "account payee only") for annual or lump-sum contributions. Monthly contributions should be paid by direct debit into a bank account nominated by Sovereign. Other payment options may be available by arrangement.

All payments should be made to Sovereign at the address provided.

What happens to your contribution payments?

Sovereign will set up a Unit Account for each of the funds you choose to invest in. It is the daily value of the Units credited to each of your Unit Accounts which determine the value of your Policy. As each contribution is paid, Units are credited to each of your Unit Accounts as follows;

- During the Foundation Period (if any) you will be credited with Foundation Units. The number of Foundation Units credited will equal the "investment percentage" multiplied by the contribution and divided by the Allocation Price applicable to Foundation Units. The "investment percentage" is the balance of the contribution after deduction of the cost of your chosen protection benefits and any Policy fee.
- After the Foundation Period (if any) you will be credited with Accumulator Units in respect of the amount of your total contribution. The number of Accumulator Units credited will equal the contribution

divided by the Allocation Price applicable to Accumulator Units.

- You will be credited with extra Accumulator Units in respect of any additional lump-sum contributions. The number of Units credited will equal the amount of the additional lump-sum contribution less any contribution fee divided by the Realisation Price applicable to Accumulator Units.
- If there is no Foundation Period, your contribution will purchase Accumulator Units from the Commencement Date.

Establishing Unit Prices

Sovereign works out the Allocation Price of a Unit (used when Units are bought) and the Realisation Price of a Unit (used when Units are sold) in each investment fund on every Business Day in the following way:

- Sovereign first works out the asset value of a Unit in an investment fund, using the formula A divided by B where:

A is the value of the underlying investments after the deduction of tax, management fees, expenses and the provision for tax on gains made on assets held (unrealised gains) in the relevant investment fund; and

B is the number of Units in that investment fund at the close of the previous Business Day.

- The Allocation Price of a Unit is the asset value of the Unit multiplied by 100/95 and rounded up to the next 10th of a cent.
- The Realisation Price of a Unit is the Allocation Price of the Unit multiplied by 95/100 and rounded down to the nearest 10th of a cent.

Unit Prices are dependent on economic conditions, investment performance of the underlying investments and on legislation. Unit Prices may therefore rise or fall depending on these and other market conditions.

Special investment bonus

If you pay all regular contributions when due for the Basic Term you will receive bonus Units at the end of that term. The number of bonus Units will be worked out by multiplying the number of Units held at the end of the Basic Term which were credited as a result of your regular contributions by 0.25% for each full year you have held the Policy up to a maximum of 5%.

- The bonus Units will be allocated in the same funds as the Units to which they relate.
- Units credited as a result of lump-sum contributions are not included in the calculation of bonus Units.

What happens if you don't pay the regular contributions on time?

If you do not pay your regular contribution within 31 days after the due date:

- If the Policy has a cash value, the Policy will be made Paid Up. See "Can the investment be altered?".
- If the Policy has no cash value, the Policy will automatically end and you will not receive any benefits or any repayment of your investment.
 - If you want to have the Policy reinstated, you must write to Sovereign. Sovereign does not have to reinstate the Policy but may do so on any conditions it considers appropriate.

- If Sovereign has to pay a benefit under the Policy when a contribution is overdue, the overdue contribution may be deducted from the benefit.

15-day free look

A 15-day "free look" is available in respect of every new Investor Plus Policy. This means that if you are in any way dissatisfied with your Investor Plus Policy you may cancel it from inception. Just return the Investor Plus Policy document and your written cancellation request within 15 days of receiving it to obtain a full refund of all contributions paid. You will be considered to have received your Policy Document for the purposes of the "free look" on the third day after its posting date.

What are the charges?

When reviewing the charges it is important to ensure they are considered over the complete term of the Policy and not one year in isolation.

Product Charges

Policy fee

The Policy fee as at the date of this Investment Statement is \$4.40 per month. The Policy fee increases each January by the same percentage as the percentage increase in the Consumer Price Index over the 12 month period ending on 30 September in the previous calendar year. Details of the current Policy fee are set out in the Illustration of Benefits which can be obtained from your adviser or Sovereign on request.

During the Foundation Period (if any) the Policy fee will be taken out of your contributions before your Policy is credited with Units.

Thereafter, Sovereign will cash in the appropriate number of Units from your Unit Account at the Realisation Price applicable at the beginning of each month to pay the Policy Fee.

Buy/sell fee

Units are credited to you at the Allocation Price and cashed-in at the Realisation Price. The difference between the Allocation Price and the Realisation Price is 5%.

Termination fee

The termination fee represents the difference (if any) between the Fund Value of your Policy and the cash value of your Policy available prior to the end of the Basic Term. See "How do I cash in my investment?" for details of how the cash value of your Policy is calculated.

Contribution fee

This fee only applies to additional lump-sum contributions. A fee of up to 5% of the lump-sum may be deducted from your lump-sum contribution before crediting extra Accumulator Units. Your financial adviser or Sovereign can

provide you with an Illustration of Benefits which details the contribution fee applicable.

No fund-switch fee

You can switch your Units from one investment fund to any other fund offered under the Investor Plus Policy at any time, provided that Units in no more than four funds are held at one time. There is currently no fee payable for switching between funds.

Benefit Charges

During the Foundation Period, the percentage of your contribution that is not used for crediting Units is retained by Sovereign to pay for the protection benefits you have chosen.

Thereafter, the cost of your chosen protection benefits will be met at the beginning of each month by cashing in the appropriate number of Units at the Realisation Price applicable at that time.

The cost for each benefit you select is calculated by multiplying the insured amount of that benefit by a factor taken from Sovereign's underwriting tables. Each benefit offered has a separate table. This factor estimates the relevant risk of the particular benefit (e.g. death or disability) occurring that month and in the case of disability the likely duration of the disability. The factor can vary by age, sex, occupation, and your state of health when the Policy starts.

You can obtain the cost of your benefits on request from Sovereign.

Fund management charges

Funds management fee

The funds management fee charged for the investment funds you have selected will be charged daily and is taken into account before Unit Prices are determined. The fee varies depending on the investment fund and is a percentage of the value of that fund as shown in the table on page 9.

Foundation Unit charge

On Foundation Units only an additional charge of 3% per annum of the value of the applicable investment fund is charged daily and is taken into consideration before Unit Prices are determined. This charge will apply throughout the Basic Term.

External funds management fee

The external funds management fee only applies to funds not managed internally by Sovereign and is charged in addition to the funds management fee. This fee varies according to the particular investment fund

and is taken into consideration before Unit Prices are determined.

The fee for each investment fund will range between 0-2% of the value of that fund. The actual fee varies from time to time depending on both the asset mix in the fund and the split of assets between the various external managers.

The MER (Management Expense Ratio) in the table below shows the combined cost of the funds management fee and the external funds management fee for the funds for the periods 1 July 2000 to 30 June 2001 and 1 July 2001 to 30 June 2002.

Fund	Funds Management Fee %p.a.	MER for year ended 30/6/02 %p.a.	MER for year ended 30/6/01 %p.a.	Investment Returns for year ended 30/6/02 %p.a.	Investment Returns for year ended 30/6/01 %p.a.
Managed Funds					
Defensive Growth	1.25	1.45	1.44	-0.62	4.55
Conservative Growth	1.25	1.47	1.47	-3.65	3.30
Balanced Growth	1.25	1.46	1.46	-6.03	1.75
High Growth	1.25	1.48	1.49	-9.24	-1.65
Maximum Growth	1.25	1.55	1.56	-11.41	-3.66
Specialist Funds					
New Zealand Deposit	0.25	0.25	0.25	3.50	4.17
New Zealand Mortgage	0.50	1.01	1.00	4.02	5.66
New Zealand Fixed Interest	0.85	0.85	0.85	3.70	4.74
International Fixed Interest	1.05	1.45	1.42	-0.48	8.38
New Zealand Property	1.05	1.05	1.05	8.85	7.26
International Property	1.05	1.05	1.05	-2.61	14.18
New Zealand Equities	1.00	1.33	1.33	3.20	7.35
New Zealand Select Equities	1.00	1.67	1.67	2.10	16.67
International Equities	1.25	1.50	1.52	-16.61	-2.81
International Special Opportunities	1.25	1.79	1.80	-19.89	-20.72
Australian Equities	1.25	1.76	1.79	-3.28	8.93
European Equities	1.25	1.99	1.95	-15.61	-15.94
North American Equities	1.25	2.13	2.15	-15.70	0.87
Far East Equities	1.25	2.26	2.18	-16.59	-17.03

Details of the actual amount of all fund charges on any given day may be obtained on request from Sovereign.

Management Expense Ratio

In accordance with the current Investment Savings & Insurance Association of New Zealand Incorporated Manual of Practice Standards details of the Management Expense Ratios which apply to each fund currently offered under the Investor Plus Policy are detailed in the table on page 9. The Management Expense Ratio ("MER") represents the cost incurred in generating the returns from an investment fund. The MERs detailed above are net of tax and have been calculated according to the following formula:

MER	=	$\frac{NDE + [DE \times (1-T)]}{\text{Average Fund Size}} \times 100$
Where NDE	=	Fees and recovered expenses non-deductible for tax purposes.
DE	=	Fees and recovered expenses deductible for tax purposes.
T	=	Tax rate for investment fund.

Investment Returns in the table are for the periods 1 July 2000 to 30 June 2001 and 1 July 2001 to 30 June 2002.

The investment returns do not include the effects of the product charges as detailed above. Past performance is not necessarily indicative of future performance.

Subject to change

All charges and fees are subject to change from time to time by Sovereign without notice. The fees and charges are correct as at the date of this Investment Statement. The fees and charges prevailing at any time may be obtained from Sovereign.

What returns will I get?

The nature of your returns

- The Investor Plus Policy is a unit linked life insurance policy designed to combine medium to long-term savings and a range of protection benefits. Details of how the cash value of your Policy is calculated prior to the end of the Basic Term are provided under "How do I cash in my investment?".
- Your benefit upon reaching the end of your Basic Term will be a lump-sum equal to your Fund Value.
- Under current legislation any returns arising from Investor Plus are tax-paid.

Life Cover

Any Life Cover benefit payable under this Policy will result in Sovereign cashing in Units. If there is only one Life Assured shown in the Schedule, Sovereign will pay on the death of that Life Assured a Life Cover benefit which is the greater of:

- The life cover benefit (if any) for that Life Assured shown in the Schedule; or
- The Fund Value at the date of death; or
- 101% of total contributions paid under the Policy (less any cash withdrawals and the accumulated costs of protection benefits other than the cost of the life cover benefit shown in the schedule).

All Units will be cashed in and applied towards payment of the Life Cover benefit and the Policy will then end.

If there is more than one Life Assured shown in the Schedule, Sovereign will pay benefits for both Lives Assured. On the first death of a Life Assured shown in the Schedule the amount of the Life Cover benefit payable will be the greater of:

- The life cover benefit (if any) for that Life Assured as shown in the schedule; or
- That Life Assured's proportion of the Fund Value.

The "proportion" applicable is equal to the proportion that the life cover benefit shown in the Schedule for that Life Assured bears to the total life cover benefit shown in the Schedule for all Lives Assured.

The same proportion of the total Units will be cashed in by Sovereign and applied towards payment of the Life Cover.

On the death of the second Life Assured, Sovereign will pay on the death of that Life Assured a Life Cover benefit which is the greater of:

- The life cover benefit (if any) for that Life Assured shown in the Schedule; or
- The Fund Value at the date of death; or
- 101% of total contributions paid under the Policy (less any cash withdrawals, the accumulated costs of protection benefits other than the cost of the life cover benefit shown in the Schedule and any Life Cover benefit paid at the date of death of the first Life Assured).

All remaining Units held under the Policy will be cashed in by Sovereign and applied towards payment of the Life Cover benefit. The Policy will then end.

Other benefits

You may select any of the following additional benefits:

- Accidental Death
- Business Overheads
- Disability Income Protection
- Living Assurance
- Locum Cover
- Total Permanent Disablement
- Waiver Of Premium

You will be paid a protection benefit for the amount selected should the event insured against occur. These benefits are described in more detail in the Benefit Sheets enclosed at the back of this Investment Statement. Sample policy wordings are available from your financial adviser or Sovereign.

Payment of benefits

Sovereign will pay a protection benefit when it is satisfied with all the information presented at the time of making a claim. If a Life Cover benefit is not settled within 60 days after the date of death, Sovereign will add interest to the benefit, commencing on the 61st day at a rate determined by Sovereign (or at the rate required to be paid under legislation).

Key factors that determine your returns

It is important to recognise that part of each contribution pays for the protection benefits you select and the remaining part goes towards your investment funds. It is the daily value of the Units credited to your Unit Account which determines the value of the Policy. Sovereign values its investment funds and calculates Unit Prices on each Business Day. The value of Units will rise and fall as a result of the changing market conditions.

The performance of your Policy will depend upon a number of factors including:

- The portfolio of investment funds you choose
- The amount you invest
- The term for which you invest
- The performance of the investment funds in which you invest
- The level and type of protection benefits selected
- Charges outlined in "What are the charges?" on page 8
- Taxation applying to the fund including Taxation reserves.

Unit Prices are dependent on economic conditions, investment performance of the underlying investments and on legislation. Unit Prices may rise or fall depending on these conditions.

Your returns are not fixed nor is your capital guaranteed.

Sovereign promises and is legally liable to pay you any return achieved on your investment and any protection benefits you have selected provided the terms and conditions of the Policy have been met. If you choose to take out an Investor Plus Policy details of the actual benefits payable are set out in the Schedule for the Policy. You should, however, be aware that the Fund Value of your Policy has not been promised.

Sovereign funds management & portfolio of funds

A vital part of an Investor Plus Policy's power and performance comes from the organisations which work with Sovereign to make the Policy perform. Often other financial services organisations rely solely on an in-house investment team to decide how a client's funds are allocated. This approach, from Sovereign's perspective, can have limitations. It is unlikely that a single investment team can have all the expertise necessary to perform in every international market.

With Investor Plus, Sovereign overcomes these limitations. The combination of skills from Sovereign's in-house investment management, and external advisers, is a further definite advantage for Investor Plus.

Sovereign has also created an international network of leading independent fund managers, to provide you with access to the most outstanding investment expertise available, in the world's prime financial markets. In selecting these fund managers, Sovereign benefits from worldwide investment research from a number of external sources.

The process of assessing, monitoring and recommending each fund manager is carried out on a continuous basis by Sovereign's investment personnel.

The Sovereign Portfolio of Funds

Every investor has a different perspective on global investment trends. Equally every investor has a personal risk tolerance level. You are no exception.

To cater for almost all personal situations Sovereign has developed 5 managed funds and 14 specialist funds. This range of funds enables you to create the investment portfolio best suited to your needs and circumstances.

Managed Funds

The 5 managed funds are diversified and balanced portfolios with the investment decisions being the responsibility of fund managers selected by Sovereign.

Defensive Growth

This fund seeks medium to long-term growth while minimising risk by investing predominantly in income assets (70%) with a minimal exposure to local and international equities (30%).

Conservative Growth

This fund aims to achieve consistent medium to long-term growth while maintaining a low-risk profile by investing predominantly in income assets (55%) and a moderate exposure to local and international equities (45%).

Balanced Growth

This fund's objective is to achieve medium to long-term growth while maintaining a slightly higher risk profile by investing predominantly in growth assets such as local and international equities (60%) and a lesser amount of income assets (40%).

High Growth

This fund takes a more aggressive approach by investing predominantly in growth assets such as local and international equities (75%) and a light exposure to income assets (25%). The returns from this fund are likely to be volatile over shorter periods.

Maximum Growth

This fund aims to maximise medium to long-term growth through a deliberate strategy of investment into growth assets such as local and international equities (90%) and a small exposure to income assets (10%).

Specialist Funds

The 14 specialist funds focus either locally or internationally on a specific investment. These funds are listed in order of lowest to highest potential volatility

New Zealand Deposit Fund

To achieve stable returns through investment in short-term money market instruments with major New Zealand banks.

New Zealand Fixed Interest Fund

To achieve stable returns through an exposure to New Zealand income assets via a balanced portfolio of New Zealand government, local authority, state owned enterprise and corporate bond holdings.

New Zealand Mortgage Fund

To achieve stable and predictable returns through investment in a range of New Zealand mortgages.

New Zealand Property Fund

To achieve long term returns through an exposure to income and growth assets by investing in New Zealand property through investment in a range of property unit trusts and both listed and unlisted property investment companies.

New Zealand Equities Fund

To achieve long term returns through an exposure to growth assets by investing in the New Zealand share market through investment in a diversified portfolio of listed New Zealand companies.

New Zealand Select Equities Fund

To achieve long term returns through an exposure to growth assets by investing in New Zealand companies exhibiting above average earnings growth and which are likely to provide future gains.

International Fixed Interest Fund

To achieve medium to long term returns through an exposure to international income assets through investments with specialist international bond fund managers.

International Property Fund

To achieve long term returns through an exposure to income and growth assets by investing in global properties through selected international property trust managers and listed property companies.

International Equities Fund

To achieve long term returns through an exposure to international growth assets by investing in the major international equity markets by using a select number of specialist global equity fund managers.

Australian Equities Fund

To achieve long term returns through exposure to Australian growth assets by investing in Australian listed companies by using specialist Australian equity fund managers.

North American Equities Fund

To achieve long term returns through an exposure to North American growth assets by investing in North American listed companies by using specialist North American equity fund managers.

Far East Equities Fund

To achieve long term returns through an exposure to Far East growth assets by investing in listed companies in the Far East by using specialist Far East equity fund managers.

European Equities Fund

To achieve long term returns through an exposure to European growth assets by investing in listed European companies by using specialist European equity fund managers.

International Special Opportunities Fund

To achieve long term returns through an exposure to growth assets in emerging markets and sectors by using specialist equity fund managers. This is a high risk fund and the returns from the fund are likely to be volatile.

What are my risks?

There is a risk that your Investor Plus Policy will not meet your expectations in terms of the cash value of your Policy available at the end of the Basic Term. This may occur because the return on your invested funds is less than originally expected or the cost of your protection benefits is higher than expected.

Investor Plus is a medium to long-term investment

Because of the nature of the underlying assets, investments into an Investor Plus Policy should be considered medium to long-term. Investor Plus should not be used for short-term investments.

Risk that underlying markets fail to perform in the time period

There is a risk that the investments in which your chosen investment funds invest will fail to perform during the Basic Term. Careful planning and diversification across several different asset classes can reduce this risk. Sovereign's managed investment funds aim to do this for you.

The value of your Policy will fluctuate

Different asset classes have different risk and return characteristics. Fund returns will vary from period to period depending on the market value of the underlying investments of your chosen investment funds and in some periods may fall in value.

What happens in the event of insolvency of Sovereign Assurance Company Limited?

You will not be liable to pay money to any person as a result of the insolvency of Sovereign. The claims on the assets of Sovereign that will or may rank ahead of your claim if Sovereign is put into liquidation are claims by preferential creditors and secured creditors. Preferential creditors are determined by reference to the Companies Act 1993. They include the fees and expenses incurred by any liquidator, certain claims by Sovereign's employees for unpaid remuneration, PAYE tax deductions and any Goods and Services Tax.

The claims on the assets of Sovereign that will or may rank equally with your claim if Sovereign is put into liquidation include Sovereign's policyholders such as yourself, any amounts owed by Sovereign to other companies within the Sovereign Group and any other unsecured creditors from time to time.

Sovereign has no secured creditors.

Can the investment be altered?

Flexibility is a key feature of Investor Plus. Contributions and protection benefits can be altered at any time.

Increase in contribution

Your contribution will increase in the following circumstances:

- If you voluntarily increase your contribution, the minimum amount of any increase is \$15 per month or \$180 per year. Increases to Investor Plus are treated as though they are effectively a new Policy so that:
 - The increase in contribution will be used to purchase Foundation Units for a maximum of the first three years from the date of the contribution increase, and Accumulator Units thereafter (as described earlier in "How much do I pay?").
 - The 15-day free look period will apply to the contribution increase.
- If you have selected the "fixed increase" contribution option, your contribution will automatically increase by the fixed percentage stated in the Schedule on each anniversary of the Commencement Date of your Policy. Units purchased will be those applying to the appropriate Unit allocation period.
- If you have selected the "inflation adjusted" contribution option, your contribution will automatically increase by the same percentage as the percentage increase in the Consumer Price Index (over the 12-month period ending 30 September in the previous calendar year) on each anniversary of the Commencement Date of your Policy. Units purchased will be those applying to the appropriate Unit allocation period.

- Following a policy review by Sovereign. See "How much do I pay?" for further details.
- When you add other protection benefits to your Policy. See "Increase/Reduction in benefits" below.
- Following a Partial Withdrawal. See "How do I cash in my investment?".

Reduction in contribution

You can only reduce your contribution if Sovereign agrees that the new contribution will support the cost of maintaining the protection benefits provided by the Policy until the Policy review date. If you reduce the contribution during the Foundation Period, Sovereign will calculate how much of the new contribution will be used to credit Foundation Units during the remainder of the Foundation Period. As a result of the reduction, you may lose some of the Foundation Units already credited. Only Units credited to your Policy in respect of the difference between the old contribution and the new contribution amount will be lost.

Additional lump-sum contributions

You can pay an additional lump-sum contribution to your Policy at any time. See "How much do I pay?" for the minimum amounts. Additional lump-sum contributions will be treated as though they were effectively a new Policy with the 15-day free look applying. You will be credited with extra Accumulator Units in respect of the additional lump-sum contribution. A contribution fee may apply. See "What are the Charges?".

Switching your Units between funds

You can switch Units from one investment fund offered by Sovereign which is applicable to Investor Plus to another at any time, provided that no more than four investment funds may be invested in. Sovereign will switch the Units for you on the next Business Day after your written request is received at the Unit prices for the relevant funds which apply on that day.

Changing the fund allocation of Units

You can request in writing a change to the investment fund allocation for your future contributions at any time, provided that no more than four investment funds are held at any time. There is currently no fee payable for changing fund allocations.

Increase/reduction in benefits

You can request to increase or reduce existing protection benefits, or add other protection benefits to your Investor Plus Policy at any time. The minimum amount of increase is that which would result in an increase in contributions of \$15 per month. See "Increase in contribution" above for details of the effect of increasing contributions. Before agreeing to increase or add benefits, Sovereign must be satisfied that Sovereign's underwriting requirements for purchasing additional cover are met. The contribution you pay will be adjusted to take into account the change in the level and type of cover provided.

If you have selected the "inflation adjusted" option for your benefits, the level of cover under the relevant benefits will increase on each anniversary of the Commencement Date by the same percentage as the percentage increase in the Consumer Price Index over the 12-month period ending 30 September in the previous calendar year. Where the increase in

the Consumer Price Index is more than 10% you must apply in writing to Sovereign for the full increase. The full increase will be granted if the Life Assured for that benefit is able to satisfy Sovereign that he or she is in good health. Otherwise, the increase will be limited to 10%. If the Consumer Price Index falls in any year the Consumer Price Index linked benefit levels will not change.

You must write to Sovereign if you do not want the level of cover under the relevant benefits to be increased for a particular year. If you do this for two successive years, you lose the right to have the level of cover automatically "inflation adjusted" in the future.

Special events increases

On each occasion that a Life Assured moves house and, as a result, takes out or increases a mortgage, or has a child (by birth or legal adoption) you may write to Sovereign to request an increase on the Life Cover benefit for that Life Assured. The request must be made within three months of the relevant event happening and no more than three requests for a special events increase can be made per Life Assured. The total cumulative increase cannot exceed 50% of the initial Life Cover benefit selected for that Life Assured and each individual increase cannot exceed \$100,000. Lives Assured over the age of 50 are not eligible for these special events increases. Sovereign will increase the Life Cover benefit from the date they actually receive your request, provided nothing has happened which would entitle you to make a claim under the Policy in respect of that Life Assured. In all cases the contribution you pay will be adjusted to take into account changes to the level of cover.

Reviews

Sovereign will review the Policy on the initial review date shown in the Schedule, every five years after that date and at any time changes are made to the Policy. At these times Sovereign will work out the contribution necessary to maintain the levels of protection benefits provided under the Policy until the next policy review date.

The cost of protection benefits calculated at a review date will not be affected by any change in the health of the Lives Assured which has occurred since the benefits were first added to the Policy.

Sovereign will tell you if the contributions will need to be increased to maintain the existing benefit levels under the Policy. You can then choose to increase the contribution to the level Sovereign tells you is needed to maintain the existing benefit levels or reduce benefits to the level which Sovereign believes is supportable with no adjustment to your contribution.

Converting your Policy to a Paid Up Policy

Once your Policy has a cash value you can write to Sovereign at any time and request your Policy be made Paid Up. You will not be required to pay any further contributions. All protection benefits will continue at their level

immediately prior to your Policy being made as Paid Up, unless you request otherwise.

Sovereign will cash in Units at the Realisation Price at the beginning of each month to recover the cost of providing any protection benefits and the Policy fee. See "What are the charges?".

Your Policy will continue to participate in the performance of your selected investment funds and the selected benefits will continue until the Policy is cancelled or the Policy no longer has a cash value, whichever is earlier.

Alteration by Sovereign

Sovereign can change the provisions of the Policy or the benefits as it considers appropriate if changes in the law or its interpretation occur after the Commencement Date and Sovereign believes, on reasonable grounds, that those changes will affect:

- Its liability for tax (other than taxation on its overall income); or
- The way in which the Policy works or the amount which can be paid under the protection benefits.

Charges and fees

The charges and fees under the Plan are subject to change from time to time by Sovereign without notice.

How do I cash in my investment?

Your Policy is designed as a medium to long-term investment for the Basic Term. Your Policy has no cash value during the Foundation Period. After this you can cash in your Units in a number of circumstances as detailed below.

Foundation Units

Foundation Units have no cash value until after the Foundation Period. Thereafter they can be cashed for either:

- their Realisation Price if the Basic Term of the Policy has been completed; or
- a proportion of their Realisation Price less any Cash Value Adjustment. The proportion which applies increases for each full year the Policy is in force from 0% to 100% at the end of the Basic Term. To find out the proportion applicable, contact Sovereign or your adviser.

Accumulator Units, Extra Accumulator Units and Bonus Units

Accumulator Units may be cashed in for their full Realisation Price once 10 years contributions have been paid.

If you have not paid the equivalent of 10 years contributions, Accumulator Units may be cashed in for a proportion of their Realisation Price (as determined by Sovereign) less any Cash Value Adjustment. The proportion which applies increases for each full year the Policy is in force from 50% to 100% at the end of the Basic Term. To find out the proportion applicable, contact Sovereign or your financial adviser.

Extra Accumulator Units and Bonus Units may be cashed in for their full Realisation Price at any time.

At the end of the Basic Term

Upon reaching the expiry of the Basic Term you will be entitled to a lump-sum equal to the Fund Value. Sovereign will write to you with the appropriate documentation just prior to the end of your Basic Term.

The documentation must be completed and returned to Sovereign by mail, courier or fax.

Partial cash withdrawal

If you cash in any of your Units, Sovereign is entitled to calculate the contribution required to sustain your Policy until the next policy review date (see "Can the investment be altered?" for further details). Sovereign may require you to either increase your contributions or reduce the level of any protection benefits.

If you wish to cash in Units without reducing the protection benefits for each Life Assured, Sovereign may require the Lives Assured to provide medical evidence of continued satisfactory health. If the health of a Life Assured is not satisfactory to Sovereign, the sum assured for that life may be reduced by the full value of Units which have been cashed in.

Cancellation by Sovereign

- Sovereign can cancel and void the Policy from inception if you or any person who is insured under the Policy have failed to make disclosure of every material fact and circumstance affecting the issue, renewal or reinstatement of the Policy. The Policy will not be cancelled or voided by reason only of any statement made on the basis of which the Policy was issued, renewed or reinstated unless the statement was substantially incorrect and was material.
- Sovereign can cancel and void the Policy resulting in all benefits being forfeited if you, a Life Assured or anyone acting on your behalf makes a claim under the Policy that is false or fraudulent in any respect. Sovereign will recover any claim amounts paid in the event fraud is subsequently established.
- Sovereign can cancel the Policy if a premium has not been paid within 31 days after the premium due date. See "How much do I pay?".

Transfer of ownership

As an owner of an Investor Plus Policy you may assign your Policy at any time by completion of the memorandum of transfer accompanying the Policy document. More than one person can own or take an assignment of a Policy. Sovereign is not bound by law to recognise trusts. Consequently no reference to a trust or trustees should be made in the memorandum of transfer. Joint Policy owners will be treated as joint tenants (unless another form of ownership is indicated) so that on the death of one of them ownership of the Policy will vest automatically with the survivor(s). To be valid the assignment must be registered with, and acknowledged by, Sovereign.

Who do I contact with enquiries about my investment?

Enquiries about your investment can be addressed to your adviser or our Client Service Helpline on:

Freephone 0800 500 108
Telephone +64 9 487 9000
Facsimile +64 9 487 8003
Freefax 0800 329 768
Email enquire@sovereign.co.nz
www.sovereign.co.nz

Alternatively, you could write to:

Head of Operations
Sovereign Assurance Company Limited
Sovereign House
33-45 Hurstmere Road
Private Bag 93 518
Takapuna, North Shore 1332
New Zealand

Is there anyone to whom I can complain if I have problems with the investment?

If for any reason you are unhappy with any aspect of Investor Plus you may wish to contact your Sovereign Adviser. Alternatively you can call our Client Service Helpline as set out above.

You can also write to the Head of Operations at the above address. Sovereign operates an internal complaints procedure to investigate thoroughly any complaint. If your concerns cannot be resolved you may wish to take your complaint to the Insurance and Savings Ombudsman who may be able to investigate your complaint free of charge for you. Details concerning Sovereign's internal complaints procedure and the services provided by the Insurance and Savings Ombudsman are detailed in separate brochures which can be

obtained by ringing our Client Service Helpline.

The Insurance and Savings Ombudsman can be contacted at:

The Insurance and Savings Ombudsman
Level 7
BDO House
99-105 Customhouse Quay
P O Box 10845
Wellington
Telephone 0800 888 202
Facsimile +64 4 499 7614

What other information can I obtain about this investment?

Prospectus and financial statements

This Investment Statement provides only a summary of the Investor Plus Policy. Other information relating to Sovereign and the Policy is contained in the registered prospectus for Sovereign Assurance Company Limited and can be obtained free of charge, at Sovereign's address set out on page 20.

The prospectus and financial statements relating to Sovereign are filed on a public register and may be accessed through the Companies Office website: www.companies.govt.nz or a request for them may be made by contacting the Companies Office Contact Centre on 0508 266 726.

Annual statements

Annual statements providing a summary of the current position of your investment detailing the Units credited to your Policy and their values will be provided to you shortly after each anniversary of the Commencement Date. If you wish, you can ask to receive these statements quarterly.

On-request information

You can also request at any time, free of charge, the following:

- A copy of the most recent Investor Plus Investment Statement
- A detailed fund statement of your Investor Plus Policy
- Your fund balance
- An Illustration of Benefits
- A regular investment report of the funds applicable to the Investor Plus Policy
- A sample Investor Plus Policy document.

Simply call your adviser or our Client Service Helpline.

Glossary

Accumulator Units

The Units credited in respect of any contributions made after the Foundation Period.

Allocation Price

The buy price of Unit in a particular fund on any given Business Day.

Basic Term

The period between the Commencement Date shown in the Schedule and the later of the 15th anniversary of the Commencement Date or the 65th birthday of the primary Life Assured.

Business Day

A day on which Sovereign is open for business.

Cash Value Adjustment

Sovereign has discounted the cost of any protection benefits you have chosen under the Policy on the basis that you will continue to hold the Policy until at least the end of the Basic Term. Accordingly, if you cash in Units or cancel your Policy before the end of the Basic Term, Sovereign reserves the right to adjust the cash value. The adjustment is related to the actual cost of the benefits selected and will be a maximum of 100% of the annual cost of these benefits reducing to 0% at the end of 15 years.

Commonwealth Bank Group

The Commonwealth Bank of Australia, its subsidiaries and associated companies.

Commencement Date

The commencement date of an Investor Plus policy being the date on which the policy is issued or the date specified in the Schedule (as applicable).

Consumer Price Index

The Consumer Price Index (all groups) issued by the Government Statistician or any index which may replace that index.

Foundation Period

The period of time shown in the Schedule during which your contributions are used to purchase Foundation Units to a maximum of three years from the Commencement Date.

Foundation Units

Units credited in respect of the contribution made during the Foundation Period.

Fund Value

The full value at the Realisation Price of all Units held under an Investor Plus policy.

Illustration of Benefits

The document which provides a summary of the benefits selected together with an estimate of the future benefit values applicable to the Policy. An Illustration of Benefits is sent with the Policy document or is available from Sovereign or a Sovereign adviser on request.

Life Cover

A benefit providing a lump sum payment in the event of death.

Paid Up

When the regular contributions cease under an Investor Plus Policy and no further regular contributions are payable.

Policy

The Investor Plus Policy.

Policy Owner, You or Your

The owner of an Investor Plus Policy.

Schedule

The Schedule attached to and forming part of a Policy.

Sovereign and We

Sovereign Assurance Company Limited, or Sovereign Services Limited, as applicable.

Taxation and Tax

Includes income tax and any other tax or duty payable or potentially payable by Sovereign or in respect of the contributions to or benefits payable, under the Policy.

Unit

An individual part or share in a Sovereign investment fund.

Unit Account

An account set up by Sovereign into which all Units are credited and debited in respect of a Policy.

Unit Price

The price of a Foundation Unit or an Accumulator Unit (as applicable) in a particular Sovereign Fund on any given Business Day.

Sovereign's world

Our* aim is to make available a comprehensive suite of seamless and integrated plans, risk protection products and home loans.

We* aim to ensure that when planning for all your financial protection and investments you can choose from a portfolio of specialist Sovereign products – each one a leader in its field. It is what the spirit of partnership is all about. Total transparency, the very best expertise and a passion for life – yours!

Talk to any Sovereign adviser.

The Sovereign world of financial planning

TotalCare

- Accidental Death
- Business Overheads
- Disability Income Protection
- Essential Disability Income
- Family Protection
- Life Cover
- Living Assurance
- Locum Cover
- MajorCare
- Total Permanent Disablement
- Waiver of Premium

Investments

- Term Deposit Bond
- Sovereign Investment Bond
- Complete Investor Plan
- Investor Plus
- Personal Superannuation Plan
- Select Retirement Plan
- Complete Investor Plan (Super)
- Sovereign Retirement Life Style Series
- Spectrum Plus Unit Trusts
- Sovereign Unit Trusts
- Annuities
- Whole Of Life
- Endowment

Investment Administration Services

- Aegis
- Select Investor Service

Home Loans

- Go Home Loan **
- Freehold Mortgage Protection

Investment Statements for all investment and savings products and brochures for TotalCare, Investment Administration Services and Home Loans are available from any Sovereign office.

* Sovereign and its related companies

** All home loan applications are subject to normal lending criteria

Sovereign Assurance Company Limited

Sovereign House
33-45 Hurstmere Road
Private Bag 93 518
Takapuna, North Shore 1332
New Zealand

Telephone +64 9 487 9000
Facsimile +64 9 487 8003
Freephone 0800 500 103
Freefax 0800 329 768
Email enquire@sovereign.co.nz
www.sovereign.co.nz

Your accredited Sovereign adviser