

GROWTH

for the year ended 30 June 2017

This update was first made publicly available on 25 September 2017.

WHAT IS THE PURPOSE OF THIS UPDATE?

This document tells you how the Growth investment option has performed and what fees were charged. The document will help you to compare the fund with other funds. PSS Trustees Limited prepared this update in accordance with the Financial Markets Conduct Act 2013 (FMCA). This information is not audited and may be updated.

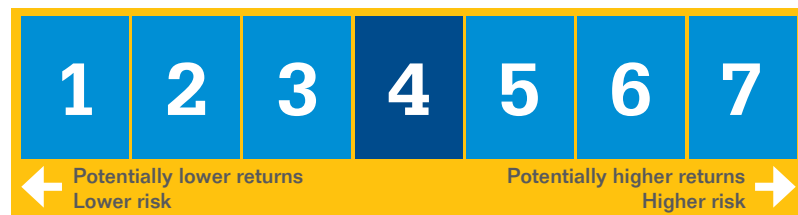
DESCRIPTION OF THIS FUND

Growth has an 80:20 split between growth assets (such as shares) and income assets (such as fixed interest and cash). It aims to provide higher level returns with a higher level of risk than the other options.¹

Total value of the fund	\$572,247,951
Number of investors in the fund	5,667
The date the fund started	1 May 2003

WHAT ARE THE RISKS OF INVESTING?

RISK INDICATOR FOR GROWTH



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 www.pss.superfacts.co.nz. Look for the risk profiler under 'Tools and calculators'.

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. The risk indicator is based on the returns data for the past five years. 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.

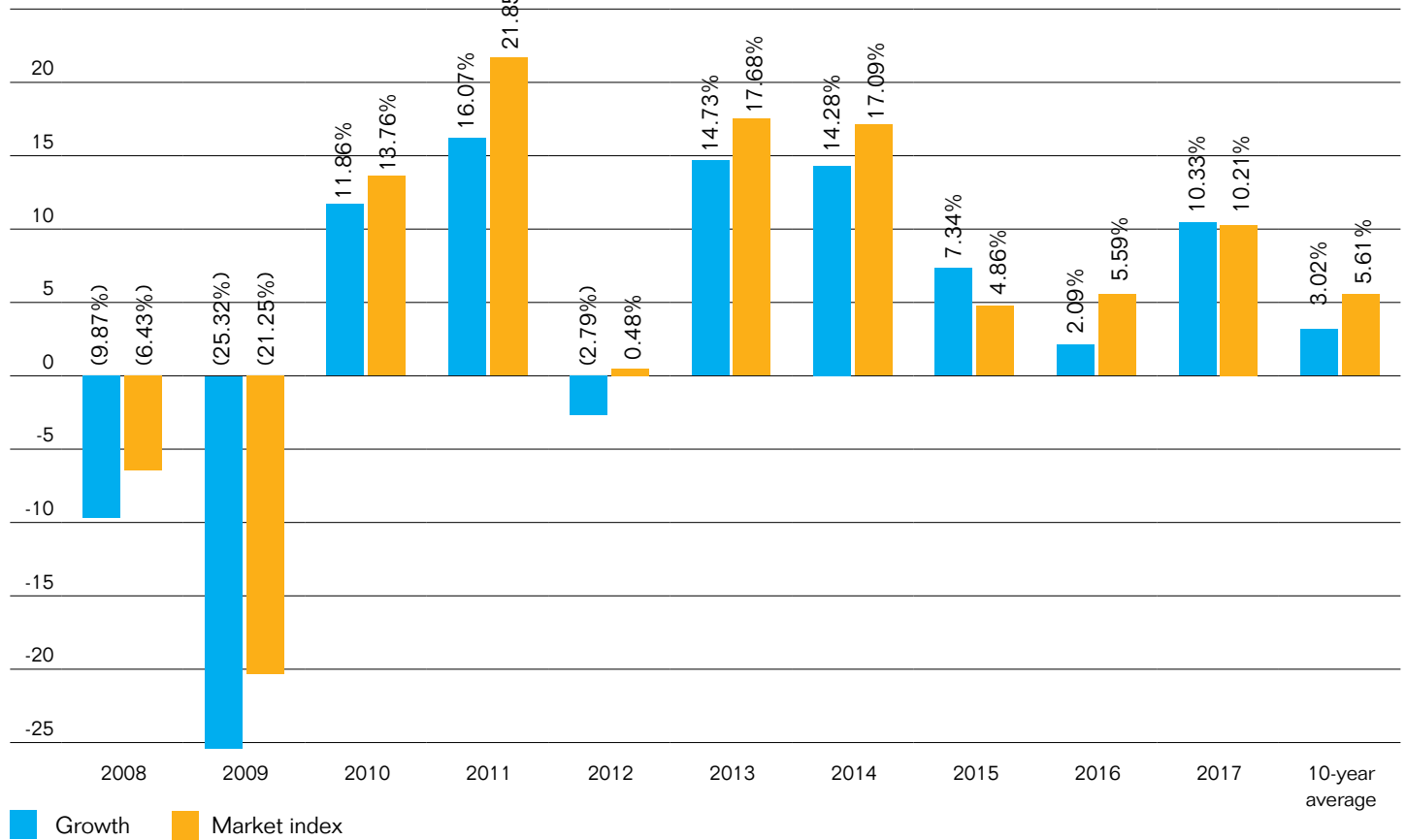
See the product disclosure statement (PDS) available at www.pss.superfacts.co.nz and on the offer register at www.companiesoffice.govt.nz/disclose for more information about the risks associated with investing in this fund.

HOW HAS THE FUND PERFORMED?

	Average over past 5 years	Past year
Annual return ² (after deductions for charges and tax)	9.65%	10.33%
Annual return ² (after deductions for charges but before tax)	11.11%	11.71%
Market index annual return ² (reflects no deduction for charges and tax)	10.95%	10.21%

The market index annual return is based on the returns of a composite index. The composite index is made up of the individual asset class benchmark indices used to measure the performance of each underlying fund/asset class into which the fund invests. Accordingly, the market index annual return for each of the funds is a composite return, calculated using the weighted average return of the benchmark indices used to measure the performance of the underlying funds/assets into which each fund invests. The weighting for each benchmark within the composite is equal to the strategic asset allocation weighting for that asset class. This market index return provides a relative measure of the fund's performance.

Further information about the market index is available on the offer register at www.companiesoffice.govt.nz/disclose.

ANNUAL RETURN GRAPH³

This shows the return after fund charges and tax for each year ending 30 June for each of the last 10 years, ending 30 June 2017. The last bar shows the average annual return for the last 10 years, up to 30 June 2017.

Important: This does not tell you how the fund will perform in the future.

WHAT FEES ARE INVESTORS CHARGED?

Investors in the Growth option are charged fund charges. In the year to 30 June 2017, these were:

	% of net asset value
Total fund charges	0.81%
Which are made up of:	
Total management and administration charges	0.81%
Including –	
Manager's basic fee	0.59%
Other management and administration charges	0.22%
Total performance-based fees	0.00%
Other charges⁴	
	Dollar amount per investor
Administration fee	\$54 per annum

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

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the Police Superannuation Scheme PDS for more information about these fees.

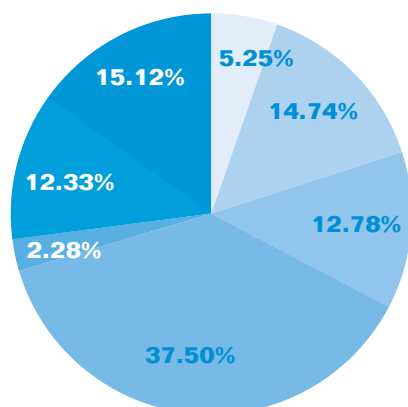
EXAMPLE OF HOW THIS APPLIES TO AN INVESTOR

Mary 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, Mary received a return after fund charges were deducted of \$1,171 (that is 11.71% of her initial \$10,000). Mary also paid \$54 in other charges. This gives Mary a total return after tax of \$979 for the year.

WHAT DOES THE FUND INVEST IN?

ACTUAL INVESTMENT MIX

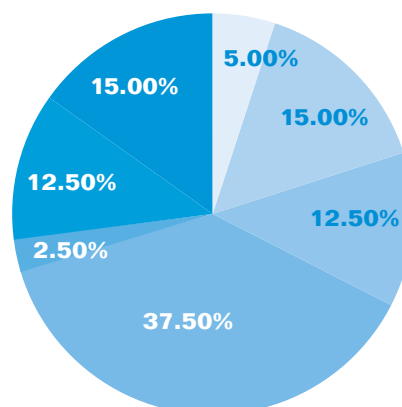
This shows the types of assets that the fund invests in.



Asset type	Allocation
Cash and cash equivalents	5.25%
International fixed interest	14.74%
Australasian equities	12.78%
International equities	37.50%
Listed property	2.28%
Commodities	12.33%
Other ⁵	15.12%

TARGET INVESTMENT MIX

This shows the mix of assets the fund generally intends to invest in.



Asset type	Allocation
Cash and cash equivalents	5.00%
International fixed interest	15.00%
Australasian equities	12.50%
International equities	37.50%
Listed property	2.50%
Commodities	12.50%
Other ⁵	15.00%

TOP 10 INVESTMENTS

Asset name	% of fund net assets	Type	Country	Credit rating
Wellington Overseas Fixed Interest Fund	5.73%	International Fixed Interest	Australia	N/A
First State Investments Global Listed Infrastructure Fund	5.00%	Other ⁵	New Zealand	N/A
AMP Capital Investors NZ Cash Fund	4.68%	Cash and cash equivalents	New Zealand	N/A
Mercer MITNZ Cash Account – Commodities	2.66%	Commodities	New Zealand	N/A
Westpac Banking Corp 050917 2.94 TD	1.66%	Commodities	New Zealand	AA-
Westpac 181217 2.87 TD	1.66%	Commodities	New Zealand	AA-
iShares Trust Core S&P 500 ETF	1.51%	International Equities	United States	N/A
Futures Margin Account – USD	1.51%	International Fixed Interest	United States	N/A
BNZ Passive FX overlay (Hedged Composite Global Shares Portfolio)	1.42%	International Equities	New Zealand	N/A
Fidelity Select Global Small Cap Fund	1.42%	International Equities	Australia	N/A

The total value of the above 10 individual assets is 27.25% of the net asset value of the fund.

CURRENCY HEDGING

Hedging is a tool used to reduce the effects of changes in exchange rates on investment returns. The scheme's international investments are largely hedged. In effect, it means our investments are made in local currency. Further details and additional information are available in the *Statement of Investment Policy and Objectives* at www.pss.superfacts.co.nz and on the scheme register at www.companiesoffice.govt.nz/disclose.

KEY PERSONNEL

Name	Current position	Time in current position	Previous or other current position (if relevant)	Time in previous or other position
Charles Bertram Cahn	Director/trustee, Police Superannuation Scheme	23 years 0 months ⁶	Actuarial consultant	4 years 2 months
Christopher Philip Houghton-Brown	Chief Investment Officer, Mercer (N.Z.) Limited	4 years 11 months	Chief Investment Officer, OnePath NZ	5 years 3 months
Andrew Roland Johnson	Head of Asset Consulting (NZ), Russell Management	2 years 8 months	Senior consultant	5 years 1 month
Eoin Malcolm Miller Johnson	Director/trustee, Police Superannuation Scheme	19 years 6 months ⁶	Scheme trustee (various)	4 years 0 months
Timothy Patrick McGuinness	Director/trustee, Police Superannuation Scheme	11 years 8 months ⁶	Scheme trustee (various)	4 years 5 months

FURTHER INFORMATION

You can also obtain this information, the PDS for the scheme and some additional information from the offer register at www.companiesoffice.govt.nz/disclose.

NOTES

- ¹ The investment objective and strategy of the Growth option changed on 29 August 2017, and from this date, the description of the fund is as follows:
The objective of the Growth option is to provide a long-term return after tax and investment expenses of 2.5% p.a. above the inflation rate, with the likelihood of a negative return 1 year in every 3 and a small probability of any annual loss exceeding 15%.
Changes have also been made to the actual and target investment mixes for this fund to reflect this objective.
- ² These returns are for the periods ending 30 June 2017.
- ³ The bar chart shows fund returns after the deduction of fees and tax. However, the market index returns are shown before any fees or tax are deducted.
- ⁴ The trustee determines the administration fee based on the amount necessary to cover the administration costs of running the scheme. On 29 August 2017, the trustee resolved to increase the administration fee from \$4.50 per month to \$5.50 per month.
- ⁵ This may include investments in international listed infrastructure and international fund of hedge funds.
- ⁶ Includes service as an individual trustee of the scheme before the shift to a corporate trustee.

Any questions?

Give us a call on our helpline

0800 PSSSCHEME (0800 777 243)

pss.superfacts.co.nz

