

Super Steps (Age 59)

for the year ended 30 June 2018

This update was first made publicly available on 18 September 2018.

What is the purpose of this update?

This document tells you how the Super Steps (Age 59) 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.

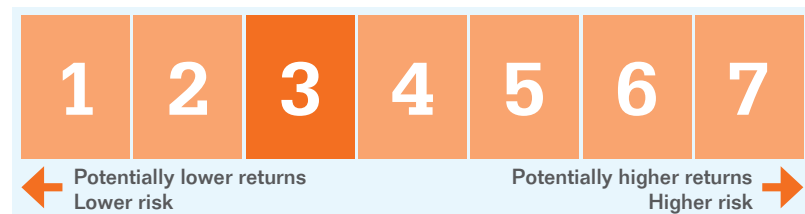
Description of this fund

With Super Steps, your contributions and account balances in the scheme are invested automatically in one or a combination of Growth, Balanced or Stable depending on your age. The underlying principle of Super Steps is to reduce your risk/return profile progressively over time using three options – Growth, Balanced and Stable – as building blocks. With Super Steps, you will be invested in Growth until you reach the age of 45. From the age of 45, your investment mix will change automatically each year as you get older. This option is invested as follows: 50% Balanced and 50% Stable.

Total value of the fund	\$3,190,478
Number of investors in the fund	9
The date the fund started	1 December 2010

What are the risks of investing?

Risk indicator for Super Steps (Age 59)



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.policessuper.co.nz. Look for the risk profiler under 'Forms and resources'.

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 5 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.

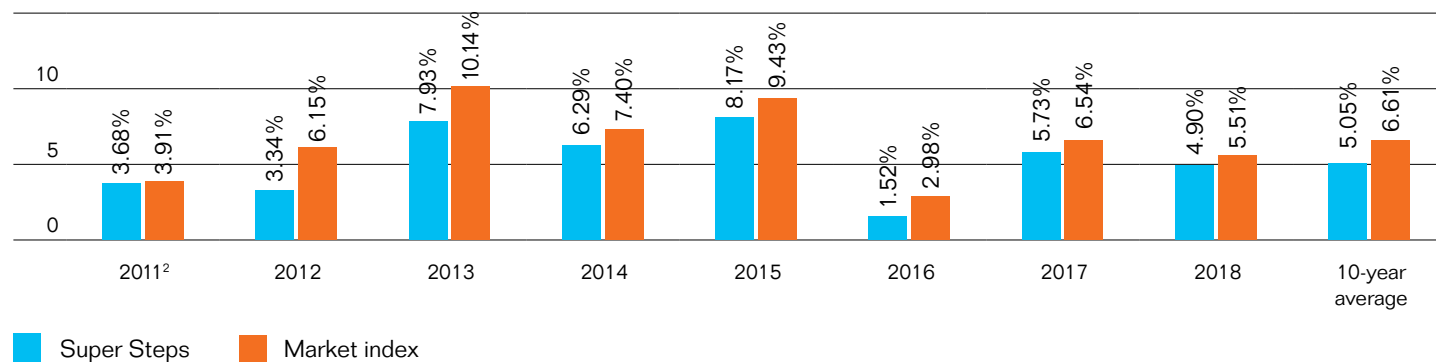
See the product disclosure statement (PDS) available at www.policessuper.co.nz and on the offer register at www.companiesoffice.govt.nz/disclose for more information about the risks associated with investing in this fund.

How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	5.69%	4.42%
Annual return (after deductions for charges but before tax)	6.94%	4.76%
Market index annual return (reflects no deduction for charges and tax)	6.75%	4.75%

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 graph¹

This shows the return after fund charges and tax for each year ending 31 March. The last bar shows the average annual return since the fund started up to 30 June 2018.

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

What fees are investors charged?

Investors in Super Steps (Age 59) are charged fund charges. In the year to 30 June 2018, these were as follows:

	% of net asset value
Total fund charges	0.54%
Which are made up of:	
Total management and administration charges	0.54%
Including:	
Manager's basic fee	0.41%
Other management and administration charges	0.13%
Total performance-based fees	0.00%
<hr/>	
Other charges	Dollar amount per investor
Administration fee	\$64 per annum ³

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 product disclosure statement for more information about the basis on which performance fees are charged.

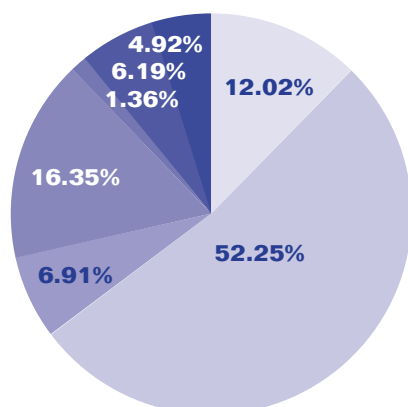
Example of how this applies to an investor

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 \$442 (that is 4.42% of her initial \$10,000). Mary also paid \$64 in other charges. This gives Mary a total return after tax of \$378 for the year.

What does the fund invest in?

Actual investment mix

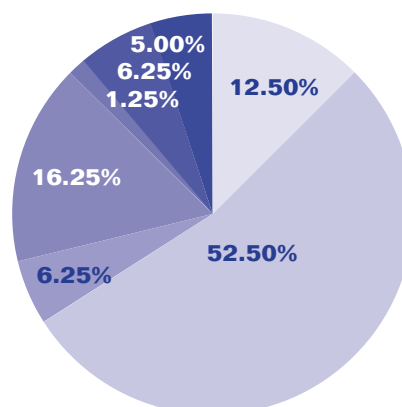
This shows the types of assets that the fund invests in.



Asset type	Allocation
Cash and cash equivalents	12.02%
International fixed interest	52.25%
Australasian equities	6.91%
International equities	16.35%
Listed property	1.36%
Commodities	6.19%
Other ⁴	4.92%

Target investment mix

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



Asset type	Allocation
Cash and cash equivalents	12.50%
International fixed interest	52.50%
Australasian equities	6.25%
International equities	16.25%
Listed property	1.25%
Commodities	6.25%
Other ⁴	5.00%

Top 10 investments

Asset name	% of fund net assets	Type	Country	Credit rating
AMP Capital Investors NZ Cash Fund	11.80%	Cash and cash equivalents	New Zealand	N/A
T Rowe Price Global Unconstrained Bond Fund	2.96%	International fixed interest	Luxembourg	N/A
GAM Absolute Return Bond Defensive Fund	2.96%	International fixed interest	Australia	N/A
Aviva Investors Multi-Strategy Fixed Income Fund	1.97%	International fixed interest	Australia	N/A
Kapstream Absolute Return Income Fund – Premier Class	1.89%	International fixed interest	Australia	N/A
First State Investments Global Listed Infrastructure Fund ⁵	1.65%	Other	New Zealand	N/A
USD Cash Account – Mercer Global Fixed Interest	1.56%	International fixed interest	United States	N/A
NZD – Cash Account	1.55%	Commodities	New Zealand	N/A
Future Margins – USD	1.12%	Commodities	United States	N/A
Westpac Banking Corp 030918 2.85 TD	0.79%	Commodities	New Zealand	AA-

The total value of the above 10 individual assets is 28.25% 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.policiesuper.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, Police Superannuation Scheme	24 years ⁶	Actuarial consultant	4 years 2 months
Christopher Philip Houghton-Brown	Chief Investment Officer, Mercer (N.Z.) Limited	5 years 11 months	Chief Investment Officer, OnePath NZ	5 years 3 months
Timothy Patrick McGuinness	Director, Police Superannuation Scheme	12 years 8 months ⁶	Scheme trustee (various)	4 years 5 months
Ian Howard Russon ⁷	Director, Police Superannuation Scheme	1 year 5 months	Head of Financial Institutions & Public Sector, BNZ	5 years
Alister James Van der Maas ⁷	Managing Director, Russell Investments	7 years 2 months	Director, Deutsche Bank, London	3 years

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 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.
- ² Return and market index for 4 months ended 31 March 2011.
- ³ Administration expenses for the year were allocated at a rate of \$4.50 per member per month (July to August) and \$5.50 per member per month from September.
- ⁴ This includes investments in international listed infrastructure and international fund of hedge funds.
- ⁵ This is an investment in a listed infrastructure fund.
- ⁶ Includes service as an individual trustee of the scheme before the shift to a corporate trustee.
- ⁷ Neither Ian Russon nor Alister Van der Maas has been named in a previous fund update for the fund.

Any questions?

Give us a call on our helpline

0800 PSSSCHEME (0800 777 243)

Hours 9.00am – 7.00pm Monday to Friday

policessuper.co.nz

