

Stable

for the year ended 30 June 2019

This update was first made publicly available on 27 September 2019.

What is the purpose of this update?

This document tells you how the Stable 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.

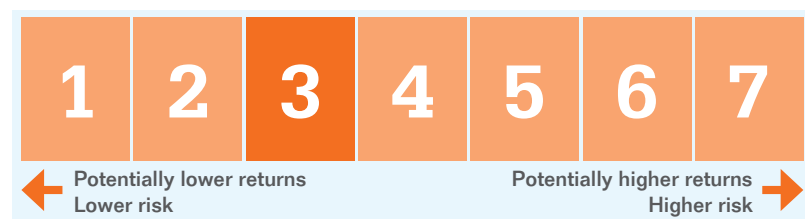
Description of this fund

Stable has a 20:80 split between growth assets (such as shares) and income assets (such as fixed interest and cash). It aims to provide a long-term return after tax and investment expenses of 1% p.a. above the inflation rate, with the likelihood of a negative return 1 year in every 5 and a small probability of any annual loss exceeding 5%.

Total value of the fund	\$332,562,893
Number of investors in the fund	1,630
The date the fund started	1 May 2003

What are the risks of investing?

Risk indicator for Stable



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.disclose-register.companiesoffice.govt.nz for more information about the risks associated with investing in this fund.

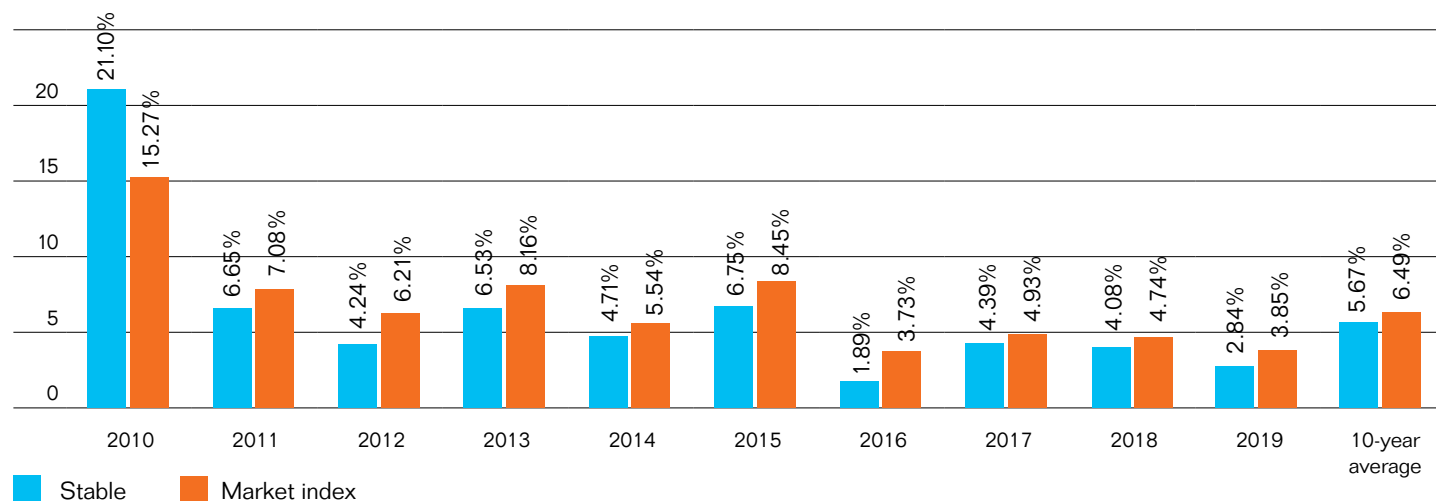
How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	3.94%	3.78%
Annual return (after deductions for charges but before tax)	4.93%	4.96%
Market index annual return (reflects no deduction for charges and tax)	5.00%	4.88%

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.disclose-register.companiesoffice.govt.nz.

Annual return graph¹



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years up to 30 June 2019.

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

What fees are investors charged?

Investors in Stable are charged fund charges. In the year to 30 June 2019, these were as follows:

	% of net asset value
Total fund charges	0.41%
Which are made up of:	
Total management and administration charges	0.41%
Including:	
Manager's basic fee	0.32%
Other management and administration charges	0.09%
Other charges	Dollar amount per investor
Administration fee	\$66 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 those fees.

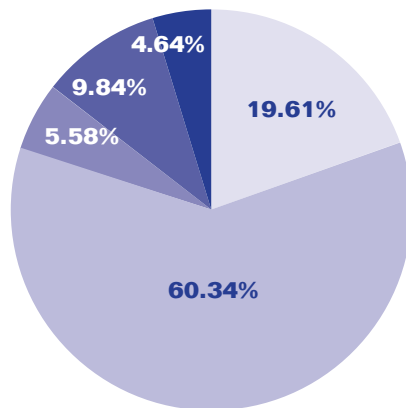
Example of how this applies to an investor

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 \$378 (that is 3.78% of her initial \$10,000). Mary also paid \$66 in other charges. This gives Mary a total return after tax of \$312 for the year.

What does the fund invest in?

Actual investment mix

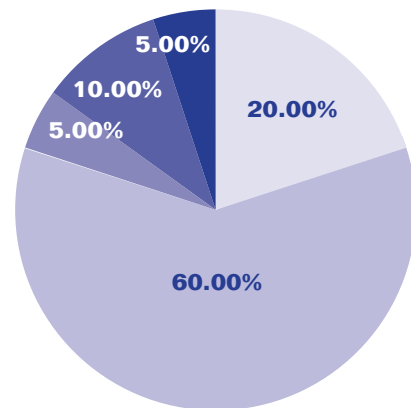
This shows the types of assets that the fund invests in.



Asset type	Allocation
Cash and cash equivalents	19.61%
International fixed interest	60.34%
Australasian equities	5.58%
International equities	9.84%
Commodities	4.64%

Target investment mix

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



Asset type	Allocation
Cash and cash equivalents	20.00%
International fixed interest	60.00%
Australasian equities	5.00%
International equities	10.00%
Commodities	5.00%

Top 10 investments

Asset name	% of fund net assets	Type	Country	Credit rating
AMP Capital Investors NZ Cash Fund	19.57%	Cash and cash equivalents	New Zealand	NA
T Rowe Price Global Unconstrained Bond Fund	5.41%	International fixed interest	Australia	NA
Aviva Investors Multi-Strategy Fixed Income Fund	3.13%	International fixed interest	Australia	NA
BNP Paribas US Dollar Account	1.56%	International equities	United States	NA
FNMA 150741 3.5 TBA	1.46%	International equities	United States	NA
Mercer MITNZ	1.29%	Commodities	New Zealand	NA
Outstanding Settlement Receipts – USD	1.22%	International equities	United States	NA
GAM Absolute Return Bond Defensive Fund	0.89%	International fixed interest	Australia	NA
The A2 Milk Company Limited	0.73%	Australasian equities	New Zealand	NA
Citibank 030641 0.01 Variable Cash Collateral	0.72%	International equities	United States	NA

The total value of the above 10 individual assets is 35.97% 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. During the year, the scheme's international investments were largely hedged. In effect, it means our investments were made in local currency.² 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.disclose-register.companiesoffice.govt.nz.

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	25 years ³	Actuarial consultant	4 years 2 months
Christopher Philip Houghton-Brown	Chief Investment Officer, Mercer (N.Z.) Limited	6 years 11 months	Chief Investment Officer, OnePath NZ	5 years 3 months
Timothy Patrick McGuinness	Director, Police Superannuation Scheme	13 years 8 months ³	Scheme trustee (various)	4 years 5 months
Ian Howard Russon	Director, Police Superannuation Scheme	2 years 5 months	Head of Financial Institutions & Public Sector, BNZ	5 years
Alister James Van der Maas	Managing Director, Russell Investments	8 years 2 months	Director, Deutsche Bank, London	3 years

Further information

You can also obtain this information, the PDS for the Police Superannuation Scheme and some additional information from the offer register at www.disclose-register.companiesoffice.govt.nz.

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 We have reduced the hedge on the international equities to 50% (net of tax) from 1 July 2019. The inclusion of some exposure to foreign currencies will bring additional risk diversification and align our policy more closely with comparable KiwiSaver funds.
- ³ 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 PSSHEME (0800 777 243)

Hours 9.00am – 7.00pm Monday to Friday

policessuper.co.nz

