

# Super Steps (Age 49)

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 Super Steps (Age 49) 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.

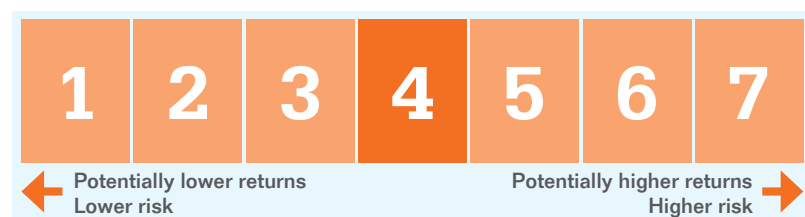
## Description of this fund

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% Growth and 50% Balanced.

Total value of the fund	\$6,168,530
Number of investors in the fund	36
The date the fund started	1 December 2010

## What are the risks of investing?

### Risk indicator for Super Steps (Age 49)



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](http://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.

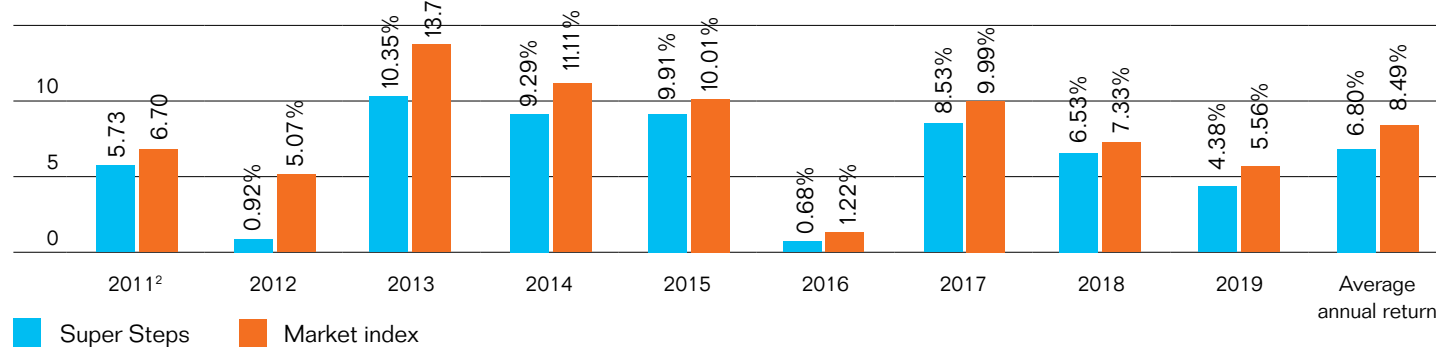
See the product disclosure statement (PDS) available at [www.policessuper.co.nz](http://www.policessuper.co.nz) and on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information about the risks associated with investing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

## How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	5.87%	4.88%
Annual return (after deductions for charges but before tax)	6.53%	5.95%
Market index annual return (reflects no deduction for charges and tax)	6.57%	6.27%

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](http://www.disclose-register.companiesoffice.govt.nz).

**Annual return graph<sup>1</sup>**

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 2019.

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

**What fees are investors charged?**

Investors in Super Steps (Age 49) are charged fund charges. In the year to 30 June 2019, these were as follows:

	% of net asset value
<b>Total fund charges</b>	0.63%
Which are made up of:	
<b>Total management and administration charges</b>	0.63%
Including:	
Manager's basic fee	0.50%
Other management and administration charges	0.13%
<b>Other charges</b>	<b>Dollar amount per investor</b>
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.

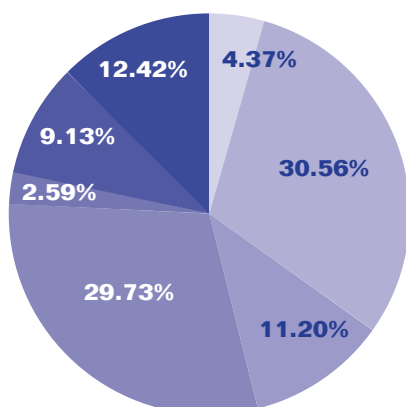
**Example of how this applies to an investor**

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 \$488 (that is 4.88% of her initial \$10,000). Mary also paid \$66 in other charges. This gives Mary a total return after tax of \$422 for the year.

## What does the fund invest in?

### Actual investment mix

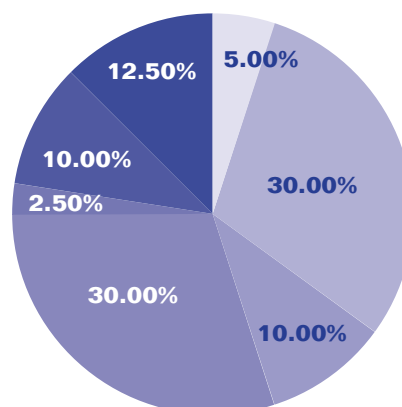
This shows the types of assets that the fund invests in.



Asset type	Allocation
Cash and cash equivalents	4.37%
International fixed interest	30.56%
Australasian equities	11.20%
International equities	29.73%
Listed property	2.59%
Commodities	9.13%
Other <sup>3</sup>	12.42%

### 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	30.00%
Australasian equities	10.00%
International equities	30.00%
Listed property	2.50%
Commodities	10.00%
Other <sup>3</sup>	12.50%

### Top 10 investments

Asset name	% of fund net assets	Type	Country	Credit rating
First State Investments Global Listed Infrastructure Fund	4.36%	Other	New Zealand	NA
AMP Capital Investors NZ Cash Fund	4.05%	Cash and cash equivalents	New Zealand	NA
Mercer MITNZ	2.52%	Commodities	New Zealand	NA
BNP Paribas US Dollar Account	1.94%	International equities	United States	NA
The A2 Milk Company Limited	1.45%	Australasian equities	New Zealand	NA
Westpac term deposit 2.64% maturing 18/09/2019	1.24%	Commodities	New Zealand	AA-
FNMA 150741 3.5 TBA	1.09%	International equities	United States	NA
Westpac term deposit 2.30% maturing 18/12/2019	1.04%	Commodities	New Zealand	AA-
Spark New Zealand Limited	0.98%	Australasian equities	New Zealand	NA
Outstanding Settlement Receipts – USD	0.96%	International equities	United States	NA

The total value of the above 10 individual assets is 19.65% 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.<sup>4</sup> Further details and additional information are available in the *Statement of Investment Policy and Objectives* at [www.policessuper.co.nz](http://www.policessuper.co.nz) and on the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://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 <sup>5</sup>	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 <sup>5</sup>	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
Alistar 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](http://www.disclose-register.companiesoffice.govt.nz).

## Notes

- <sup>1</sup> 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.
- <sup>2</sup> Return and market index for 4 months ended 31 March 2011.
- <sup>3</sup> This includes investments in international listed infrastructure and international fund of hedge funds.
- <sup>4</sup> 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.
- <sup>5</sup> 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 PSScheme (0800 777 243)**

Hours 9.00am – 7.00pm Monday to Friday

[policessuper.co.nz](http://policessuper.co.nz)

