

This is a replacement fund update. It replaces the 31 March 2023 fund update for the Balanced investment option first made publicly available on 26 June 2023. The annual return (after deductions for charges and tax) for Balanced for 2023 has been corrected. The correct return for 2023 is -3.45%, which replaces the previously disclosed return of -2.74%. As a consequence of this correction, the 5-year average return (after deductions for charges and tax) stated in the table under the heading 'How has the fund performed?' and the 10-year average return under the heading 'Annual return graph' have been recalculated. The returns example under the heading 'Example of how this applies to an investor' has also been adjusted to reflect the correct annual after-tax loss that applied to the example investor for the scheme year ended 31 March 2023.

What is the purpose of this update?

This document tells you how the Balanced 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. This information is not audited and may be updated.

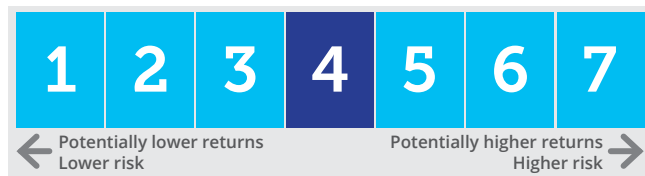
Description of this fund

Balanced has a 60:40 split between growth assets (such as shares) and income assets (such as fixed interest and cash). It is expected to provide a long-term return after tax and investment expenses of 3% p.a. above the inflation rate, with the likelihood of a negative return approximately 1 year in every 4 and a small probability (approximately 1 year in 20) of any annual loss exceeding 10%.

Total value of the fund	\$1,076,288,163
Number of investors in the fund	4,997
The date the fund started	1 May 2003

What are the risks of investing?

Risk indicator for Balanced



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 on the home page.

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.

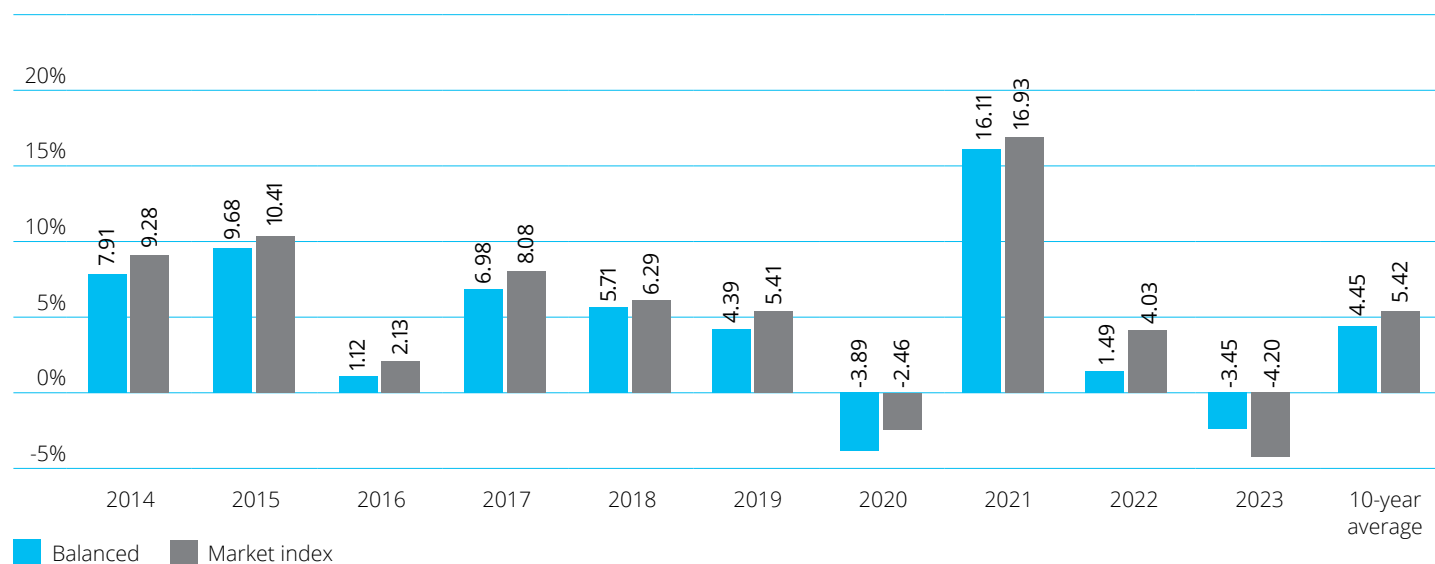
How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	2.68%	-3.45%
Annual return (after deductions for charges but before tax)	3.32%	-4.00%
Market index annual return (reflects no deduction for charges and tax)	3.68%	-4.20%

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 graph



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 31 March 2023.¹

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

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.²

What fees are investors charged?

Investors in Balanced are charged fund charges. In the year to 31 March 2023, these were as follows:

	% of net asset value
Total fund charges³	0.51
Which are made up of:	
Total management and administration charges	0.51
Including:	
Manager's basic fee	0.37
Other management and administration charges	0.14
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 these fees.

Example of how this applies to an investor

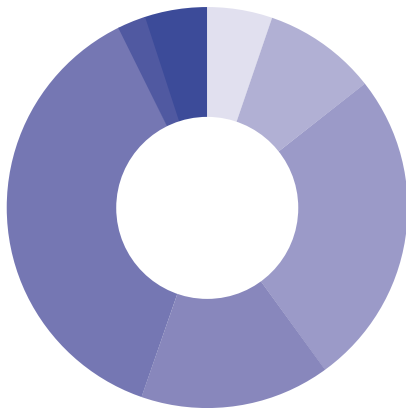
Mary had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Mary incurred a loss after fund charges* were deducted of \$400 (that is -4.00% of her initial \$10,000). Mary also paid \$66 in other charges. This gives Mary a total loss after tax of \$411 for the year.

* but before tax

What does the fund invest in?

Actual investment mix⁴

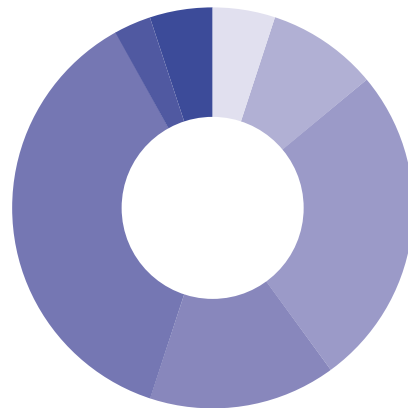
This shows the types of assets that the fund invests in.



Asset type	Allocation
Cash and cash equivalents	5.36%
New Zealand fixed interest	9.04%
International fixed interest	25.75%
Australasian equities	15.02%
International equities	37.67%
Listed property	2.16%
Other ⁵	5.00%

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%
New Zealand fixed interest	9.00%
International fixed interest	26.00%
Australasian equities	15.00%
International equities	37.50%
Listed property	2.50%
Other ⁵	5.00%

Top 10 investments⁴

Asset name	% of fund net assets	Type	Country	Credit rating
First Sentier Investments Global Listed Infrastructure Fund	3.08%	Other ⁴	New Zealand	N/A
BNP Paribas New Zealand Dollar Account	2.53%	International equities	New Zealand	N/A
United States Treasury REPO 4.95% 03/04/2023	1.98%	International fixed interest	United States	AA+
BNP Paribas US Dollar Account	1.90%	International equities	United States	N/A
Fisher & Paykel Healthcare Corporation Limited	1.85%	Australasian equities	New Zealand	N/A
Outstanding settlement receipts - USD	1.61%	International fixed interest	United States	N/A
New Zealand Government Bond 2.75% 15/04/2025	1.54%	New Zealand fixed interest	New Zealand	AAA
Auckland International Airport Limited	1.04%	Australasian equities	New Zealand	N/A
Mercer - Australasian equities	0.99%	Australasian equities	New Zealand	N/A
Microsoft Corporation	0.98%	International equities	United States	N/A

The total value of the above 10 individual assets is 17.5% 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. Investments that are hedged are, in effect, made in local currency. The scheme's international investments are 100% hedged with the exception of international equities, which are 50% hedged. Further details and additional information are available in the statement of investment policy and objectives at www.policessuper.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
Graham Ansell ⁶	Director, Police Superannuation Scheme	1 year 9 months	Director, BNZ Investment Services Limited (current position)	4 years 2 months
Padraig Brown ⁶	Chief Investment Officer, Mercer (N.Z.) Limited	0 years 8 months	Head of Real Estate Investment Management, Mercer Australia (Pty) Limited	11 years 0 months
Guy Fisher	Head of Investment Consulting, Russell Investments	1 year 9 months	Senior Consultant, Russell Investments	2 years 8 months
Sarah Graydon	Director, Police Superannuation Scheme	4 years 0 months	Scheme trustee (various) (current positions)	12 years 3 months
Ian Russon	Director, Police Superannuation Scheme	6 years 2 months	Head of Financial Institutions & Public Sector, BNZ	5 years 0 months

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.

Any questions?

Give us a call on our helpline.
Hours 9.00am – 7.00pm Monday to Friday.

0800 PSSSCHEME (0800 777 243)

policessuper.co.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 Returns prior to 1 July 2019 are net of tax at 28%. The scheme became a PIE on 1 July 2019. Therefore, the returns from 1 July 2019 are calculated net of tax at the highest PIR, which happens to also be 28%.
- ³ The total fund charges include costs charged in respect of the investment in Mercer Investment Trusts New Zealand and the investment managers that it uses to invest the assets of the scheme. They also include all charges of the custodians of the funds in which the scheme invests, but exclude trading expenses (such as brokerage fees and spreads).
- ⁴ For the reporting of the types of assets under 'Actual investment mix' and 'Top 10 investments', cash retained for liquidity management at a sector level is assigned to the asset class to which it relates.
- ⁵ 'Other' consists of investments in international listed infrastructure.
- ⁶ Graham Ansell and Padraig Brown have not been named in a previous fund update for Balanced.

