



»»» Other material information

Police Superannuation Scheme

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1 | General

This other material information document has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (**FMC Act**) and clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014. All legislation referred to in this document can be viewed at legislation.govt.nz.

In this document, 'you' or 'your' refers to members or prospective members of the Police Superannuation Scheme (**scheme**), as the case may be. 'We', 'us', 'our' or 'trustee' refers to the scheme's trustee.

Capitalised terms have the same meaning as in the scheme's trust deed (**trust deed**) unless they are otherwise defined in this document. Some terms are defined in the document itself.

A product disclosure statement (**PDS**) for the offer of membership in the scheme is also available. Under the FMC Act, you must be given a copy of the relevant PDS before we can accept your application for membership. You can get an electronic copy of the PDS from the offer register on the New Zealand Companies Office Disclose Register at disclose-register.companiesoffice.govt.nz.

2 | Police Superannuation Scheme

This document relates to the offer of membership in the scheme.

The scheme is governed by the trust deed and is invested in accordance with the scheme's *Statement of Investment Policy and Objectives (SIPO)*. You can get an electronic copy of the trust deed and SIPO from our website or the scheme register on the New Zealand Companies Office Disclose Register at disclose-register.companiesoffice.govt.nz.

The trust deed sets out the rules for the scheme. The Commissioner of Police (**Commissioner**) and the New Zealand Police Association Incorporated and the New Zealand Police Leaders' Guild Incorporated (**Police Service Organisations**) have appointed a single corporate trustee, PSS Trustees Limited, to manage the scheme.

The directors of the trustee are appointed as follows:

- Two directors are appointed by the Commissioner.
- Two directors are appointed by the Police Service Organisations.
- Either one or two independent directors are appointed by the other directors (unless agreement on the appointment of a director is not made within a reasonable time, in which case, the Commissioner has the power to make the appointment).

The Board of Directors of the sole corporate trustee must include at least one person who is a licensed independent trustee under section 131 of the FMC Act. Currently, the Board of Directors includes four licensed independent trustees (Graham Ansell, Sarah Graydon, Grant Hassell and Ian Russon). Currently, the licensed independent trustee designated for the scheme is Sarah Graydon.

We are responsible for offering membership of the scheme, accepting members into the scheme, managing the scheme's property and investments and administering the scheme.

We use the services of professional advisers such as investment advisers, administrators and auditors to help run the scheme. The names of our advisers are listed in the annual report and on the website.

3 | Persons and organisations involved

Trustee and directors

The scheme's current trustee is PSS Trustees Limited.

The current directors of the trustee are:

- Richard Graham Ansell of Auckland
- Gregory John Fleming of Wellington
- Sarah Louise Graydon of Wellington
- Grant David Hassell of Tūrangi
- Ian Howard Russon of Wellington
- Sandra Maree Venables of Wellington.

Ian Russon

BA (Hons)

Professional director (Chair)

Ian has had a long career in the financial services industry. Following periods working in the UK, Canada, Hong Kong and Germany, he joined the Financial Markets Department of the Reserve Bank of New Zealand in 1995 and held various management positions focusing on foreign exchange reserves management and monetary policy implementation. In 2002, Ian joined Bank of New Zealand (BNZ) and, for the majority of his time at the bank, was Head of Financial Institutions & Public Sector. In 2017, Ian resigned from the bank to work as a professional director. In addition to his role with PSS Trustees Limited, he is chair of UniSaver Limited, and the New Zealand Defence Force Superannuation Scheme Advisory Trust Board. He is a director of the trustee of The Salvation Army New Zealand Officers' Superannuation Scheme and a member of the board of management of the Bank of New Zealand Officers' Provident Association.

Graham Ansell

BCom (Hons)

Professional director (appointed by the Police Service Organisations)

Graham began his career at the Reserve Bank of New Zealand in 1987, spending 4 years in monetary policy implementation followed by a further 4 years in the reserves management office managing deutschemark, yen, USD, and euro-dollar bond portfolios. In 1996, Graham joined Armstrong Jones, a small Auckland-based funds management organisation, in the role of Head of Fixed Interest. Despite a series of ownership changes over the following years, Graham remained with the organisation, which ultimately became ANZ Investments, the country's largest commercial funds management organisation. In 2012, Graham was promoted to the role of Chief Investment Officer, a position he held until 2018 when he left ANZ Investments to pursue a career as a professional director and investment consultant. Graham is currently a director of BNZ Investment Services Limited, the National Provident Fund and New Plymouth PIF Guardians Limited. He also sits on the investment committee of BNZ Investment Services.

Greg Fleming

BCA, Dip IR

Director (appointed by the Police Service Organisations)

Greg is an employee of the New Zealand Police Association where he is the Industrial Advocate and National Secretary. As Industrial Advocate, Greg is responsible for negotiations around the terms and conditions of employment for the Association's 13,500 members, including their collective employment agreements. As National Secretary, Greg is responsible for ensuring the organisation operates within its constitution in conducting its business. He has a long affiliation with the Police Superannuation Scheme, being the Association's chief negotiator during its establishment in 1992 and subsequent enhancements. Greg was appointed as the Police Service Organisations' director in 1996.

Sarah Graydon*BA, LLB (Hons)**Professional director and licensed independent trustee*

Sarah is an experienced lawyer who has worked in a number of areas and predominantly in in-house roles. She headed up the legal team at New Zealand Post for 8 years and now works with Juno Legal providing advisory, coaching and legal services centred on in-house legal functions. Sarah's governance experience spans superannuation, health and education. She is a licensed independent trustee and currently holds positions with three other superannuation schemes as well as PSS.

Grant Hassell*BCA (Economics)**Professional director (appointed by the Commissioner)*

Grant has over 35 years' experience in financial services and investment markets. He was most recently chair of Macquarie Asset Management New Zealand Limited (formerly AMP Capital Investors (New Zealand) Limited) and held a number of senior leadership roles during a long career with AMP Capital. This included over 3 years as Global Head of Fixed Income following 3 years as Managing Director and 9 years as Head of NZ Fixed Interest. He played a key role in several mergers and acquisitions including the sale of AMP's global equity and fixed interest business to Macquarie in 2022, the sale of AMP Life to Resolution Life in 2020, and the purchase of AXA in 2011. Grant is a former trustee director of the AMP Staff Superannuation Scheme. Grant resigned from Macquarie in September 2022 and became a professional director. He is currently a director of the Shell NZ Pension Plan and Toyota NZ Group Pension Plan.

Sandra Venables*Director (appointed by the Commissioner)*

The Commissioner appointed Assistant Commissioner Sandra Venables as his representative on the board of PSS Trustees Limited in September 2019. Sandra is Assistant Commissioner – Districts and manages the portfolios for Wellington, Tasman, Canterbury and Southern Districts. Sandra has been a police officer since February 1994 and has served as a frontline officer in Hamilton, Kaitia, Whitianga and Thames-Coromandel. She was the Area Commander in Eastern Bay of Plenty based in Whakatāne for 3 and a half years before being promoted to District Commander in Eastern District. She was promoted to Assistant Commissioner in 2017 and held the national portfolios for Road Policing and Prevention before taking up her current role in 2021.

Secretary

The scheme secretary is Mercer (N.Z.) Limited (**Mercer**). The secretary provides secretarial services to the scheme.

Administration manager

Mercer is also the scheme's administration manager. The administration manager takes care of the day-to-day running of the scheme, including maintaining records, paying benefits and liaising with the scheme's advisers.

Investment management

We invest the assets of the scheme directly in Mercer Investment Trusts New Zealand (**MITNZ**). Mercer (N.Z.) Limited is the manager of MITNZ and uses the services of specialist investment managers to invest the assets of the scheme. These managers are listed on our website.

4 | Fees and expenses

The fees and charges for the scheme recover only the expected costs and expenses that are incurred by us in running the scheme and are deducted throughout the year at a level reflecting our best estimate of costs and expenses that will be incurred. An adjustment is made following the annual review date each year in the event our best estimates were incorrect.

The actual fees charged may vary and will depend on the actual costs incurred by the scheme.

Basis of estimates for fund charges in the PDS

The portion of these fees applicable to our investment management costs is included in the fund charges for which an estimate is provided in the PDS and that will be disclosed in the fund updates and on the register entry on the offer register for the funds on the New Zealand Companies Office Disclose website disclose-register.companiesoffice.govt.nz.

The annual fund charges include estimates for certain charges, including investment management charges. The determination of these charges is our best estimate of the fees to be payable by members and is based on the historical investment management costs that were payable in respect of the scheme, making appropriate adjustments in the event that matters may change from year to year that impact on expected charges (such as changes in strategic asset allocations or investment managers). These estimates are also based on estimates provided by the scheme's professional service providers and our own experience.

We estimate that these charges, as a percentage of the net asset value of each investment option, will be as set out in the PDS.

Trading costs

The scheme invests into underlying funds in MITNZ. MITNZ incur trading costs (which are the actual costs of buying and selling investments, such as brokerage fees, spreads and any other out-of-pocket transaction costs which are repaid to custodians). These trading costs are not included in the fund charges disclosed in the PDS, however they affect the value of the underlying funds and therefore have an impact on the returns of the investment options in the scheme.

5 | Conflicts of interest

Below we describe the nature of the conflicts of interest that currently exist or are likely to arise in the future for the scheme and the steps that have been or will be taken to manage these conflicts.

A conflict of interest means a financial or any other interest, a relationship or any other association of the trustee (as trustee of the scheme) or Mercer (as investment manager for the scheme) or of a 'relevant person' that would or could reasonably be expected to materially influence the investment decisions of the trustee or Mercer (or both) in respect of the scheme.

A 'relevant person' means:

- a director of the trustee or
- a senior manager of the trustee or
- an employee of the trustee who has a significant impact on the investment decisions that are made in respect of the scheme or
- an associated person of the trustee (or a director or senior manager of that associated person).

The trustee does not currently have any employees.

Details of conflicts of interest that currently exist or are likely to arise in the future are as follows:

Nature of the conflict	Funds affected	When and how this would or could reasonably be expected to materially influence investment decisions in respect of the scheme
<p>The trustee invests the scheme's assets in MITNZ. Mercer is the manager of MITNZ. Mercer is involved in the appointment of the investment managers and investment structures of MITNZ, which may include funds managed by Mercer entities.</p> <p>In its capacity as investment manager of the scheme, Mercer is responsible for advising on strategic asset allocation, and managing the scheme's investments in MITNZ in accordance with certain set limitations and restrictions set by the trustee.</p>	All funds	<p>Mercer may be influenced to exercise its discretions in a way that results in Mercer entities receiving fees greater than what would otherwise be received.</p> <p>For example, Mercer, in its capacity as manager of MITNZ, may appoint investment managers and investment structures of MITNZ to which the scheme has exposure that have higher fees payable to Mercer entities than would otherwise be the case.</p> <p>Also, Mercer, in its capacity as investment manager of the scheme, may make decisions in respect of the investment of the scheme's assets that result in investments in MITNZ that result in higher fees payable to Mercer entities than would otherwise be the case.</p>
Directors of the trustee may be members of the scheme from time to time.	All funds	Decisions made by affected directors may be influenced by their personal interest in the scheme.

The steps that have been taken or will be taken to manage the conflicts of interest are as follows:

- Any specific conflicts of interest are managed as they arise. If a conflict arises, the process for managing the conflict will entail identifying and recording the conflict, assessing the conflict and taking appropriate measures, if necessary, to manage the conflict. In the case of directors, this could involve the director standing aside from any decisions related to the conflict.
- The particular investments of the scheme must be made in accordance with and within the limits set out in the SIPO (including strategic asset allocations), which are set by the trustee. As such, Mercer does not exercise inappropriate influence over investment of the scheme.
- The trustee receives appropriate reporting in respect of the investments of the scheme and monitors the investment in MITNZ.
- Trustees Executors Limited is trustee of MITNZ and discharges that role, including oversight of related-party transactions, independently of Mercer.

6 | Material contracts

The following is a summary of the contracts that we consider to be material in relation to the scheme.

Trust deed

The scheme is governed by the trust deed. The trust deed is a contract between the trustee and the Commissioner for the benefit of members. Under the trust deed, the trustee is the manager of the scheme and is responsible for offering membership of the scheme, accepting members into the scheme, managing the scheme's property and investments and administering the scheme. You can get an electronic copy of the trust deed from our website or the offer register on the New Zealand Companies Office Disclose Register at disclose-register.companiesoffice.govt.nz.

Secretarial services agreement

The trustee and Mercer are parties to a **secretarial services agreement**. Under the agreement, the trustee appoints Mercer to provide secretarial services in respect of the scheme. These services include provider management, services to members of the scheme, contract management, monitoring of legislation and general services to the trustee.

Mercer must provide the services honestly, in good faith and with the same degree of care, diligence and skill expected of a prudent, skilled, experienced and professional superannuation secretarial services provider, including providing the services to the standard and as otherwise required under any relevant law.

Fees are payable to Mercer under the secretarial services agreement.

Administration and financial advice agreements

The trustee and Mercer are parties to a superannuation administration services agreement (**administration agreement**), and an agreement to provide financial advice to members (**financial advice agreement**).

Under the administration agreement, the trustee appoints Mercer as administrator to provide certain specified administration services in respect of the scheme. These services include services relating to data management, cash management, benefit calculations and payments, reporting, annual review, scheme and member enquiries and trustee meetings. Mercer also provides a nominated decumulation service to members. Under the financial advice agreement, the trustee appoints Mercer to provide a limited financial advice service to members. This includes specific advice in relation to members' savings in PSS and general information on other types of financial products.

Mercer must provide the services honestly, in good faith and with the same degree of care, skill and diligence expected of a prudent, skilled, experienced and professional superannuation administration services provider or regulated financial advice provider, including providing the services to the standard and as otherwise required under any relevant law.

Mercer may, with the prior written consent of the trustee, subcontract the performance of any part of the services, but Mercer will remain fully responsible for the performance of the services that have been subcontracted. Mercer must ensure it is satisfied the person it appoints is capable of performing the services at least to the standard required of Mercer. Mercer must also monitor the performance of the function by the subdelegate and review that subdelegation at a frequency appropriate to the risk involved.

The trustee has indemnified Mercer against any loss or liability arising directly as a result of or in connection with any negligence, wilful or unlawful act or omission by the trustee or any breach of any obligation under the administration agreement in any material respect. Mercer will take such action as may be reasonably required so as to mitigate liability. However, the preceding indemnity does not apply where the loss or liability is caused or contributed to by wilful default, tortious acts or omissions of Mercer, its directors, officers, agents or employees.

Fees are payable to Mercer under the administration agreement and financial advice agreement.

Investment management agreement

The trustee and Mercer are parties to an **investment management agreement**. Under the agreement, the trustee appoints Mercer to provide certain investment management services to the trustee in respect of the scheme. These include advice relating to asset classes such as strategic asset allocation and dynamic asset allocation and services relating to investment management, investment reporting and maintaining an advisory committee.

Fees are payable to Mercer. Mercer will, when providing the services, act at all times honestly and in a competent, timely and efficient manner and with the standard of skill, diligence and care that would be expected of a prudent, professional person providing similar services in the same circumstances, including providing the services to the standard and as otherwise required by an investment manager under the FMC Act.

Investment consultant agreement

The trustee and Russell Investment Group Limited (**Russell Investments**) are parties to an **investment consulting agreement**. Under the agreement, the trustee appoints Russell Investments to provide investment consulting services and, acting on the trustee's instruction, advice on any particular investment matter requiring expert input. Russell Investments must perform the services with the care, diligence and skill that a prudent person engaged as an expert international investment advisor and consultant would exercise in the circumstances. Fees are payable to Russell Investments under the investment consultant agreement.

7 | Market indices

More information about the market indices referred to in the SIPO and in the fund updates for the investment options can be found on the following websites:

Bloomberg indices: [bloombergindices.com](https://www.bloomberg.com/indices)

FTSE indices: [ftse.com/products/indices](https://www.ftse.com/products/indices)

J.P. Morgan indices: [jpmorgan.com/insights/global-research/index-research/indices-product](https://www.jpmorgan.com/insights/global-research/index-research/indices-product)

MSCI indices: [msci.com/index-solutions](https://www.msci.com/index-solutions)

S&P/NZX indices: [us.spindices.com/regional-exposure/asia-pacific/new-zealand](https://www.us.spindices.com/regional-exposure/asia-pacific/new-zealand)