



WESTPAC NEW ZEALAND STAFF SUPERANNUATION SCHEME

DEFENSIVE FUND

FUND UPDATE

for the Scheme year ended 30 June 2019

This fund update was first made publicly available on 26 September 2019.

What is the purpose of this update?

This document tells you how the Defensive Fund (Fund) has performed and what fees were charged. This document will help you to compare the Fund with other funds. Westpac New Zealand Staff Superannuation Scheme Trustee Limited, the Scheme's trustee, prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

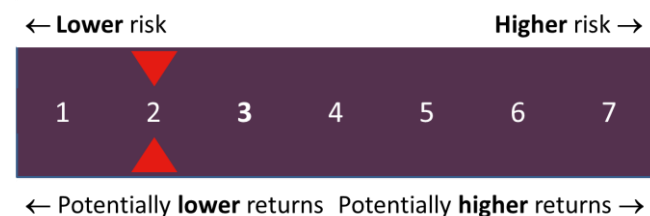
Description of this fund

The Fund invests in assets with a low-to-moderate risk of negative returns and with moderate fluctuations in returns. It is unlikely to achieve high returns. The investment return objective aims to provide above-average investment returns while maintaining the real value of investments over the short-to-medium term.

Total value of the Fund	\$48,931,280
Number of investors in the Fund	741
The date the Fund started	1 October 1996

What are the risks of investing?

Risk indicator for the Fund



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.sorted.org.nz/tools/investor-kickstarter.

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.

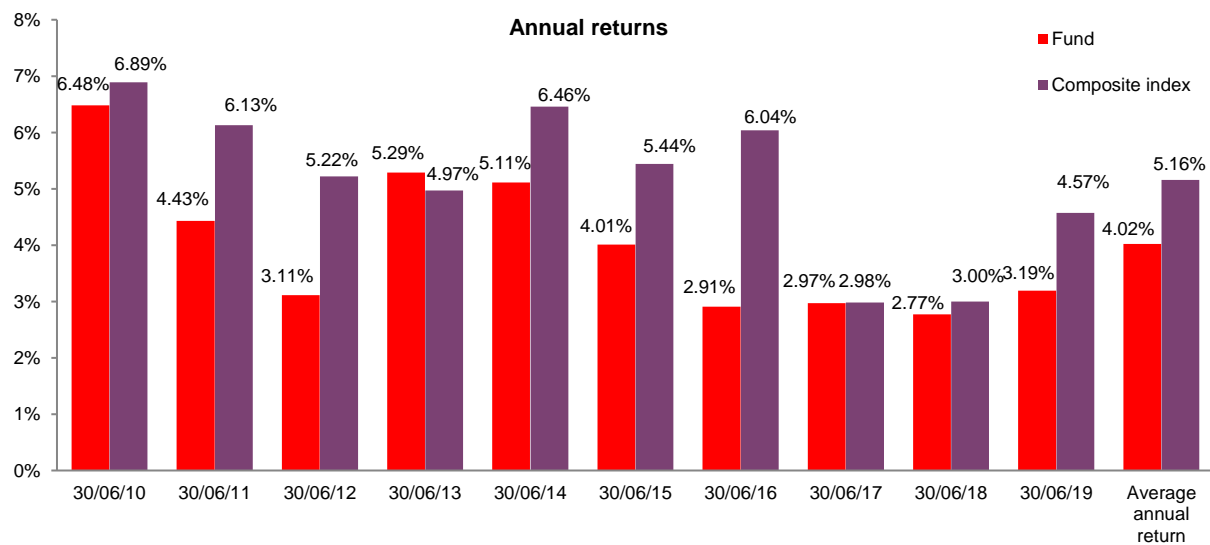
This risk indicator is not a guarantee of a fund’s future performance. The risk indicator is based on the returns data for the five-year period to 30 June 2019. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the Scheme’s product disclosure statement for more information about the risks associated with investing in the Fund.

How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	3.17%	3.19%
Annual return (after deductions for charges but before tax)	4.16%	4.37%
Composite of market index annual return (reflects no deduction for charges and tax) and peer group index annual return (after deductions for charges but before tax)	4.40%	4.57%

The market index return is the strategic asset allocation weighted benchmark index return, where the benchmark indices are defined in the Scheme’s statement of investment policy and objectives. Imputation credits are included in the market index. See Note 1 on page 5 for additional information about the composite index.



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

The Fund’s returns are shown after deductions for fund charges and tax. The market index returns are before any deductions for fund charges and tax.

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

What fees are investors charged?

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

	Percentage of net asset value
Total fund charges	0.34%
Which are made up of:	
Total management and administration charges	0.34%
Including –	
Manager’s basic fee	0.34%
Other management and administration charges	0.00%
Total performance-based fees	0.00%
Other charges	Dollar amount per investor or description of how charge is calculated
	n/a

There are no performance fees for any of the funds in the Scheme.

Investors may also be charged individual action fees for specific actions or decisions (for example, fees relating to a withdrawal to support a home purchase). See the Scheme’s product disclosure statement for more information about these fees.

All fees are inclusive of GST (if any).

Example of how this applies to an investor

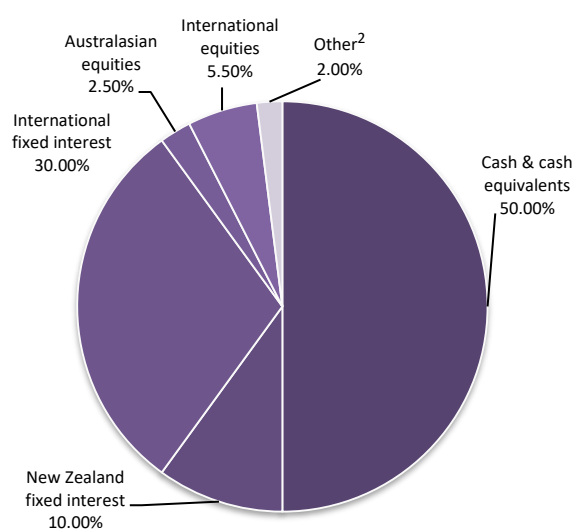
Small differences in fees and charges can have a big impact on your investment over the long term.

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 \$437 (that is 4.37% of her initial \$10,000). Mary also paid \$0.00 in other charges. This gives Mary a total return after tax of \$319 for the year.

What does the fund invest in?

Actual investment mix

This shows the types of assets the Fund invests in.



Target investment mix

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



Top 10 investments

Asset name	% of Fund net assets	Type	Country	Credit rating
Westpac 32 Day Notice Deposit	3.17%	Cash and cash equivalents	New Zealand	AA-
US 5yr Note (CBT)	2.79%	International fixed interest	United States	Unrated
BNZ 180 Day Rolling Deposit Account	2.31%	Cash and cash equivalents	New Zealand	AA-
US 2yr Note (CBT)	1.75%	International fixed interest	United States	Unrated
UMBS TBA 30yr 3.5% July Delivery	1.40%	International fixed interest	United States	AAA
BNZ 90 Day Rolling Deposit Account	1.27%	Cash and cash equivalents	New Zealand	AA-
BNZ 32 Day Rolling Deposit Account	0.90%	Cash and cash equivalents	New Zealand	AA-
Euro Bobl Future	0.67%	International fixed interest	Germany	Unrated
Resimac 2019 RMBS	0.61%	Cash and cash equivalents	New Zealand	AAA
NZ Government Bond 4.5% 15/04/2027	0.61%	New Zealand fixed interest	New Zealand	AA+

The total value of the above individual assets is 15.48% of the net asset value of the Fund.

Currency hedging

At 30 June 2019, the level of currency hedging for the Fund's international equities was 100%. See the statement of investment policy and objectives for more details on the Scheme's currency strategy.

Key personnel

Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
Nick Barrett ³	Senior Investment Consultant, Willis Towers Watson	7 years and 11 months	Actuarial Consultant, Superannuation, Towers Watson	7 years and 7 months
Anna Boyle	Senior Research Analyst, BT Funds Management (NZ) Ltd	9 years and 4 months	Investor Communications, Westpac New Zealand Ltd	1 year and 6 months
Matthew Goldsack	Head of Investment Solutions, BT Funds Management (NZ) Ltd	10 years and 6 months	Head of Research, AXA Global Investors	7 years and 10 months
Bruce Kerr	Chairman, Westpac New Zealand Staff Superannuation Scheme Trustee Ltd	3 years and 2 months	Chairman of Trustees, Westpac New Zealand Staff Superannuation Scheme	16 years and 5 months

Further information

You can also obtain this information, the product disclosure statement for the Scheme and some additional information from the offers register at disclose-register.companiesoffice.govt.nz.

The Scheme's statement of investment policy and objectives is available from the schemes register at disclose-register.companiesoffice.govt.nz.

Notes

1. The annual return on the composite index (including relevant market indices and peer group index) has been used in the following ways, because there is no appropriate market index for the Fund as a whole:
 - *What are the risks of investing?:* To calculate and fill in the risk indicator; and
 - *How has the fund performed?:* In the table relating to how the Fund has performed and in the bar graph.

A composite index may be a less reliable indicator of performance than an appropriate market index. The risk indicator may provide a less reliable indicator of the potential future volatility of the Fund because a composite index has been used. The composite index has been used for the period from 1 July 2017. The return for the peer group index used in the composite index and reflected in the table and bar graph is net of fund charges and trading expenses (if any) but before tax. Additional information about the peer group index and market index is available on the offers register at disclose-register.companiesoffice.govt.nz.

2. May include investments in listed infrastructure assets and hedge funds.
3. Nick Barrett has not been named in a previous fund update for the Fund.