



WESTPAC NEW ZEALAND STAFF SUPERANNUATION SCHEME

DEFENSIVE FUND

FUND UPDATE

for the Scheme year ended 30 June 2017

This fund update was first made publicly available on 27 September 2017.

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.

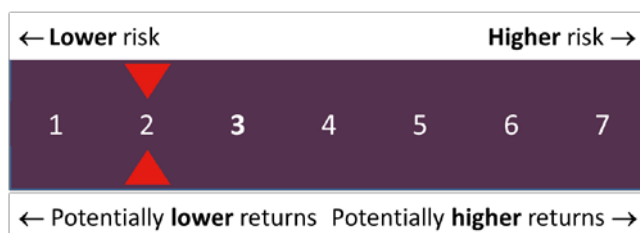
Description of this fund

The Fund invests in assets with a low-to-moderate risk of negative return 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 | \$53,764,868 |
| Number of investors in the Fund | 895 |
| 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.

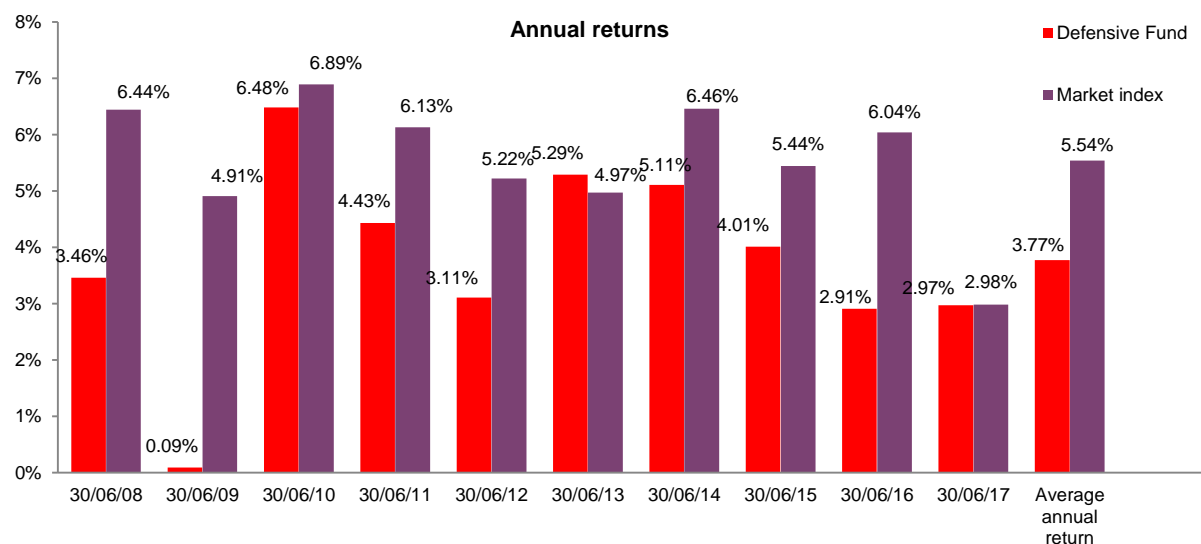
This risk indicator is not a guarantee of a fund’s future performance. The risk indicator is based on the returns data for the five-year period to 30 June 2017. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future 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) | 4.05% | 2.97% |
| Annual return (after deductions for charges but before tax) | 5.24% | 3.73% |
| Market index annual return (reflects no deduction for charges and tax) | 5.17% | 2.98% |

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. Additional information about the market index is available on the offer register at www.companiesoffice.govt.nz/disclose.



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 2017.

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 2017, 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.

Example of how this applies to an investor

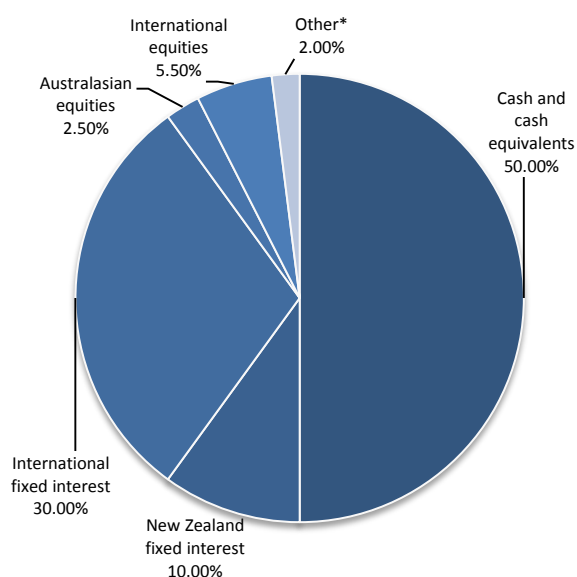
Small differences in fees and charges can have a big impact on your investment over the long term.

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 \$373 (that is 3.73% of her initial \$10,000). Mary also paid \$0.00 in other charges. This gives Mary a total return after tax of \$297 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.



*May include investments in listed infrastructure assets and hedge funds

Top 10 investments

| Asset name | % of Fund net assets | Type | Country | Credit rating |
|--|----------------------|------------------------------|-----------|---------------|
| Westpac 32 Day Notice Deposit | 2.35% | Cash and cash equivalents | NZ | AA- |
| BNZ 90 Day Rolling Deposit Account | 1.55% | Cash and cash equivalents | NZ | AA- |
| BNZ 32 Day Rolling Deposit Account | 1.23% | Cash and cash equivalents | NZ | AA- |
| 10Y T-Note (CBT) Sep 17 | 1.22% | International fixed interest | US | |
| ASB Bank 4.476% 20/12/2017 | 0.87% | Cash and cash equivalents | NZ | AA- |
| ASB Bank FRN 08/03/2019 | 0.87% | Cash and cash equivalents | NZ | AA- |
| ASB Bank FRN 01/11/2017 | 0.81% | Cash and cash equivalents | NZ | AA- |
| Government of Australia 4.5% 15-Apr-2020 | 0.61% | International fixed interest | Australia | AAA |
| NZ Government Inflation Index Bond 2% 20/09/2025 | 0.58% | New Zealand fixed interest | NZ | AA+ |
| Government of Japan 0.1% 20-Dec-2019 | 0.58% | International fixed interest | Japan | A |

The total value of the above individual assets is 10.67% of the net asset value of the Fund.

Currency hedging

Foreign currency exposure in the Fund may be fully or partially hedged as considered appropriate. 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 |
|------------------|---|--------------------------|---|--|
| Anna Boyle | Senior Research Analyst, BT Funds Management (NZ) Ltd | 7 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 | 8 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 | 1 year and 2 months | Chairman of Trustees, Westpac New Zealand Staff Superannuation Scheme | 16 years and 5 months |
| Lidia Medojevic | Senior Investment Analyst, Willis Towers Watson | 1 year and 11 months | Investment Analyst, Willis Towers Watson | 1 year and 5 months |
| Dan Simpson | Head of Investment Consulting, Willis Towers Watson | 3 years and 1 month | Senior Investment Consultant, Towers Watson | 6 years and 9 months |

Further information

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

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