

New Zealand Fire Service Superannuation Scheme

Fund update for the Balanced option Year ended 31 March 2018

This update was first made publicly available on 30 June 2018.

What is the purpose of this update?

This document tells you how the Balanced option has performed and what fees were charged. The document will help you to compare the fund with other funds. FireSuper Trustee Limited has prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

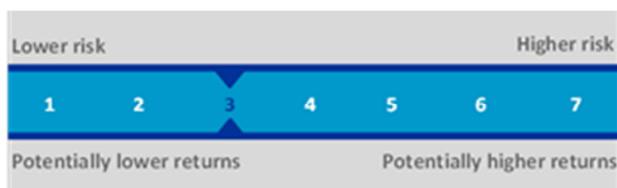
Description of this fund

The Balanced option invests in a targeted 58.5:41.5 split of growth assets (such as shares and property) and income assets (such as fixed income and cash). It is constructed with an expectation of providing a long-term (10 years plus) return after tax and investment expenses of approximately 2-2.5% p.a. above inflation. There is a reasonably small risk (approximately 1 in 100 years) of a member losing more than 20% after inflation in any year, with a likelihood of a negative return of (currently) 1 year in every 3.

Total value of the fund	\$312,470,421
Number of investors in the fund	1,485
The date the fund started	1 October 2008

What are the risks of investing?

Risk indicator for the Balanced option



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 (volatility). 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 past five 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.

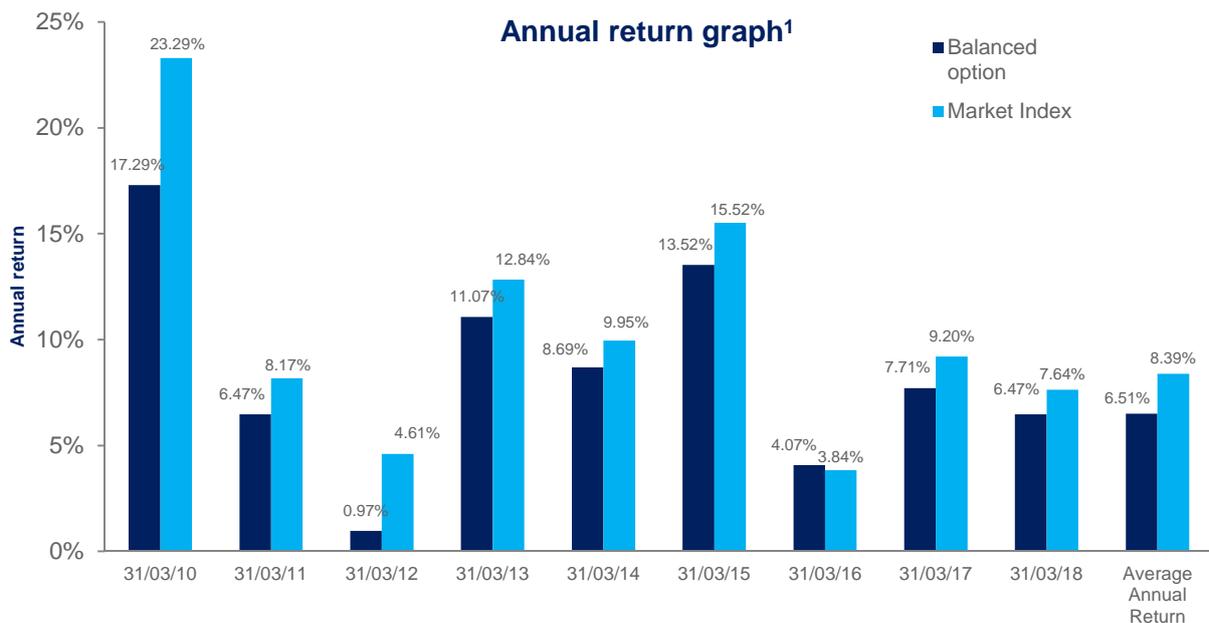
See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	8.05%	6.47%
Annual return (after deductions for charges but before tax)	9.36%	7.88%
Market index annual return (reflects no deduction for charges and tax)	9.16%	7.64%

The market index return is the strategic asset allocation-weighted benchmark index return, where the benchmark indices are defined in the 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 year ending 31 March since the fund started. The last bar shows the average annual return since the fund started up to 31 March 2018.

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

What fees are investors charged?

Investors in the Balanced option are charged fund charges. In the year to 31 March 2018 these were:

	% of net asset value
Total fund charges	0.91%
Which are made up of:	
Total management and administration charges	0.91%
Including -	
Manager's basic fee	0.00%
Other management and administration charges	0.91%
Total performance-based fees	0.00%
	Dollar amount per investor or description of how charge is calculated
Other charges	
Administration fee	\$0.00 per annum

Investors may also be charged individual action fees for specific actions or decisions (for example, withdrawing from or switching funds). See the PDS on the offer register at www.companiesoffice.govt.nz/disclose for more information about those fees.

Example of how this applies to an investor

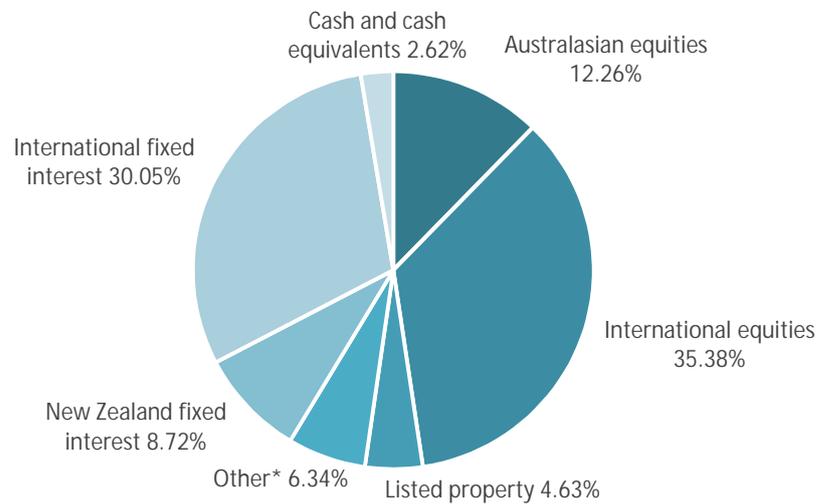
Small differences in fees and charges can have a big impact on your investment over the long term.

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 \$788.00 (that is 7.88% of her initial \$10,000). Mary also paid \$0 in other charges. This gives Mary a total return after tax of \$647.00 for the year.

What does the fund invest in?²

Actual investment mix

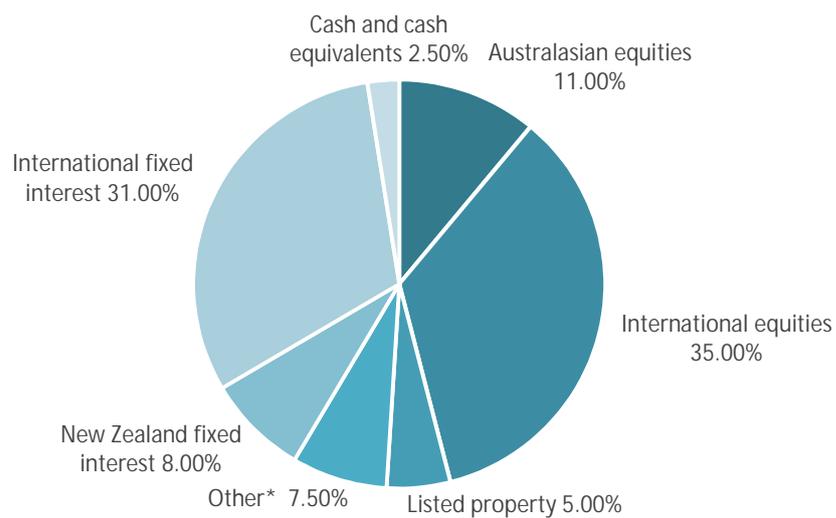
This shows the types of assets that the fund invests in.



* Global listed infrastructure

Target investment mix

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



* Global listed infrastructure

Top 10 investments

Asset name	% of fund net assets	Type	Country	Credit rating (if applicable)
Russell Investments Global Fixed Interest Fund	30.05%	International fixed interest	New Zealand	
AMP Capital Core Hedged Global Shares Fund	19.33%	International equities	New Zealand	
AMP Capital Core Global Shares Fund	12.60%	International equities	New Zealand	
First State Investments Global Listed Infrastructure Fund	6.34%	Other*	New Zealand	
Harbour Australasian Equity Fund WUT	5.99%	Australasian equities	New Zealand	
AMP Capital NZ Shares Fund	5.93%	Australasian equities	New Zealand	
ANZ Investments High Grade Bond Fund	5.26%	New Zealand fixed interest	New Zealand	
ANZ Investments Wholesale International Property Securities Fund (ex Aus.)	4.63%	Listed property	New Zealand	
ANZ Investments Sovereign Bond Fund	3.46%	New Zealand fixed interest	New Zealand	
AMP Capital Emerging Markets Shares Fund	3.44%	International equities	New Zealand	

* Global listed infrastructure

The total value of the above 10 individual assets is 97.03% of the net asset value of the fund.

Currency hedging

The target foreign currency exposure is equal to approximately 50% of the international equities exposure. Foreign currency exposure is not actively managed at a strategic level. However, at an asset class and sub-asset class level, both market movements and, where applicable, active positions taken by the underlying fund managers can result in deviations away from the target level. The resultant foreign currency exposure would normally be expected to sit within a range of 40-60% of the international equities exposure.

Key personnel

Name	Current position	Time in current position	Previous or other current position (if relevant)	Time in previous or other position
Denis James Fitzmaurice	Board Member of New Zealand Fire Service Superannuation Scheme	11 years 6 months		
Timothy Patrick McGuinness	Licensed Independent Trustee	2 years 4 months	Independent trustee	8 years
Geoffrey Douglas Taylor	Board Member of New Zealand Fire Service Superannuation Scheme	4 years 8 months		
Stephen Colin Warner	Board Member of New Zealand Fire Service Superannuation Scheme	2 years 6 months	Board Member of New Zealand Fire Service Superannuation Scheme	18 years
Andrew Roland Johnson	Head of Asset Consulting (NZ), Russell Investments	3 years 5 months	Senior Consultant, Russell Investment	5 years 1 month

Further information

You can also obtain this information, the PDS for the New Zealand Fire Service Superannuation Scheme, and some additional information from the offer register at www.companiesoffice.govt.nz/disclose or on the Documents & forms page of www.firesuper.superfacts.co.nz or by calling the scheme helpline 0800 MY SUPER (0800 69 78737).

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. FireSuper Trustee Limited has made a commitment to private equity of up to \$5m.