

Unit Pricing Summary

November 2020

Introduction

The investment portfolios operate on a unitised basis. The beneficial interest in each investment portfolio is divided into units (including, if Mercer determines, fractions of units). Except where separate classes of units have been created, all units referable to an investment portfolio shall be of one class and confer identical rights and interests.

Mercer will issue units in the relevant investment portfolio or investment portfolios in respect of amounts received by or transferred into the scheme (net of any amount that we consider appropriate to deduct for fees, tax etc.) based upon the relevant unit price or unit prices on the next valuation day after the receipt or transfer.

Mercer will, in respect of amounts debited to the scheme, amounts transferred from or within the scheme, or amounts withdrawn from the scheme, cancel the number of units determined by dividing the amount debited, transferred or withdrawn in respect of the relevant investment portfolio or investment portfolios by the relevant unit price or unit prices on the applicable valuation day. This is usually the day subsequent to when Mercer has made a final determination that the debit, transfer or withdrawal shall be made.

Valuation

The governing documents set out the principles which are applicable to the valuation of the scheme's investments. If Mercer determines that the valuation principles set out in the governing documents are not applicable to any investments, the scheme's investments must be valued using such other principles as are determined by Mercer, provided that the valuation method used is applied on a consistent basis over time and that, if Mercer intends to depart from the previously applied valuation method, such departure follows timely notice to, and consultation with, the Supervisor.

Issue Price

The issue price for units is calculated by dividing the net value of the relevant investment portfolio as at the relevant valuation day less applicable "transaction costs" (as that term is defined in the Trust Deed), by the number of units in issue referable to the investment portfolio at that valuation day. Application / contributions identified on a business day are normally processed on that business day to the member's account. Units will be purchased once unit prices are known (normally in two business days' time).

Net Value

The net value of an investment portfolio is the value of the investments less the liabilities of the scheme relating to that investment portfolio and an appropriate proportion of the liabilities of the scheme which are shared among all investment portfolios as determined by Mercer.

For the purpose of issuing and redeeming units Mercer must calculate the net value of each investment portfolio at least once per week and Mercer may recalculate the net value of each investment portfolio more often if Mercer considers it to be appropriate.

Mercer will calculate the income tax liability separately for each investment portfolio or class of units in the scheme as required by law. The liability for tax in respect of any investment portfolio or class of units will vary depending on the Prescribed Investor Rate (“PIR”) applied to that investment portfolio or class of units. This means that the issue price of units that your account is invested into, net of the tax liability, will vary according to the PIR that you have notified to Mercer.

Bonus Units

Instead of making a payment out of an investment portfolio Mercer may issue bonus units in that investment portfolio.

Redemption of Units

Benefit payments and withdrawals will be made by way of redemption and cancellation of units. Mercer will redeem units at a redemption price calculated by dividing the net value of the investment portfolio at the relevant valuation day less applicable “transactions costs” (as that term is defined in the Trust Deed), by the number of units in issue referable to the investment portfolio at that valuation day.

Where a request is received after 4:00pm on a business day it will normally be processed with an effective date of the following business day.

In order to calculate a withdrawal amount, Mercer uses the unit prices available at the time it processes the withdrawal. A member will not receive a unit price for a date earlier than the date the withdrawal form is received (note unit prices for each business day are generally available two business days later). Payments may take up to five business days to process from when Mercer receives the required withdrawal form. In some circumstances, withdrawals will take longer to process if the withdrawal form is not fully complete or the withdrawal requires additional approval.

A switch is considered a withdrawal from one fund and an application for units in another fund. Valid switch instructions received before 4.00pm on a business day (New Zealand time) will be processed using the declared unit prices for that day, once known. Investment switch requests received after 4.00pm on a business day (New Zealand time) will be processed effective the following business day (and will be processed using the following day’s declared unit price). Note that unit prices for each business day are generally available two business days later. Unit prices are not calculated for weekends or public holidays.

Backdating transactions that results in any impact to unit prices (other than the below) is not permitted unless Mercer approves this in advance.

Suspension

Mercer may suspend the issue or redemption of units during any period Mercer considers the issue price or the redemption price cannot be calculated in a fair manner. Mercer may also suspend redemption of units when Mercer is unable to realise sufficient of the underlying assets of the investment portfolio in order to satisfy fully a redemption request.

In the event that a fair value of assets cannot be determined or a unit price cannot be determined (e.g. investment markets close, systems failure, etc.), Mercer will accept a delay of up to 48 hour before it issues unit prices.

However, if unit prices are not calculated within this timeframe, Mercer's policy is to adopt soft unit pricing by indexing the latest unit prices where possible using the change in value of underlying assets or the change in indices used for checking unit prices provided this approach remains fair and equitable.

Mercer's policy is to continue soft pricing provided it is fair and equitable and that it can be reasonably expected that normal unit pricing will be able to re-commence within a period of no more than 10 working days (e.g. while underlying investment vehicles undertake distributions). Where it is not possible to reliably determine when normal unit pricing can commence, Mercer will resolve whether to continue soft pricing or to suspend processing. In this regard, it will give consideration to whether soft pricing is no longer deemed fair and equitable in making this resolution.

If Mercer suspends processing, Investors will be advised of the relevant details (e.g. via website). Instructions received during the period over which transactions have been suspended will be processed once the suspension period ends. Unless otherwise resolved by Mercer, suspended transactions will be processed at the prevailing unit prices.

Provision for fees and expenses

Currently Mercer deducts the fees set out in the scheme Product Disclosure Statement (PDS), and may pay other parties fees as required by the Trust Deed or legislation. If necessary, this will be done by redeeming the appropriate number of units or fractions of a unit allocated to a member account or deducting the charges from amounts contributed or transferred to the scheme. In the case of the investment management fee and recovery of costs, charges, expenses and outgoings incurred by us and the Supervisor in connection with the performance of their duties, these will be recovered from the investments of the scheme generally before unit prices are determined. Mercer reserves the right to charge lower fees in respect of any particular member as Mercer thinks appropriate.

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