

MERCER FLEXISAVER PRODUCT DISCLOSURE STATEMENT FOR PIP INVESTORS

28 November 2018

This is a replacement product disclosure statement which replaces the product disclosure statement dated 21 June 2018.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.disclose-register.companiesoffice.govt.nz. Mercer (N.Z.) Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

Issuer: Mercer (N.Z.) Limited



MAKE TOMORROW, TODAY



SECTION 1

KEY INFORMATION SUMMARY

WHAT IS THIS?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Mercer (N.Z.) Limited (Mercer) will invest your money and charge you a fee for its services.

The returns you receive are dependent on the investment decisions of Mercer and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

To invest in these funds you will need to contact your financial advisor, who will work with a Portfolio Investor Proxy (PIP) that we have an agreement with, to make an investment on your behalf. More information about how to invest is provided in Section 10. When you invest in Mercer FlexiSaver via a PIP, it is the PIP which will be the investor. The PIP's policies may differ from ours, so please discuss your investment with your financial adviser before making an investment in Mercer FlexiSaver.

WHAT WILL YOUR MONEY BE INVESTED IN?

Mercer FlexiSaver offers three funds via a PIP. These funds are summarised on the following page. More information about the investment targets and strategy for each fund is provided in Section 3 (*Description of your investment option(s)*).

WHO MANAGES MERCER FLEXISAVER?

The manager of Mercer FlexiSaver is Mercer. Further information regarding the manager is set out in Section 7 (*Who is involved?*) of this Product Disclosure Statement ("PDS").

HOW CAN YOU GET YOUR MONEY OUT?

Investments in Mercer FlexiSaver are redeemable. You can request a withdrawal either in full or in part at any time via your financial adviser.

In certain circumstances we may temporarily stop your ability to withdraw from Mercer FlexiSaver, or defer payment of withdrawals.

Further information can be found in Section 2 (*How does this investment work?*).

Your investment in Mercer FlexiSaver can be sold, but there is no established market for trading these financial products. This means you may not be able to find a buyer for your investment.

HOW WILL YOUR INVESTMENT BE TAXED?

Mercer FlexiSaver is a Portfolio Investment Entity (PIE). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). This rate can be 0%, 10.5%, 17.5% or 28%. See Section 6 (*What taxes will you pay?*) on page 10 for more information.

WHERE CAN YOU FIND MORE KEY INFORMATION?

Mercer is required to publish quarterly updates for each fund. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at www.mercerfinancialservices.co.nz.

The manager will also give you copies of those documents on request.

FUND	INVESTMENT OBJECTIVE	RISK INDICATOR	NOTE	ANNUAL FUND CHARGES PER INVESTOR (ESTIMATED)
Mercer Overseas Shares	Invests almost entirely in overseas share markets (not hedged into New Zealand dollars). May be suitable for investors seeking exposure to international shares (unhedged) and who are comfortable with a high level of volatility in returns.	<p>Lower risk Higher risk</p>  <p>Potentially lower return Potentially higher return</p>	*	0.99% of the net asset value of the fund
Mercer Overseas Shares (Hedged)	Invests almost entirely in overseas share markets hedged into New Zealand dollars. May be suitable for investors seeking exposure to international shares and who are comfortable with a high level of volatility in returns.	<p>Lower risk Higher risk</p>  <p>Potentially lower return Potentially higher return</p>	*	0.98% of the net asset value of the fund
Mercer Real Assets	Invests in a combination of infrastructure shares, property shares and commodity derivatives. May be suitable for investors seeking exposure primarily to liquid real assets and who are comfortable with a high level of volatility in returns. Overseas investments are hedged into New Zealand dollars.	<p>Lower risk Higher risk</p>  <p>Potentially lower return Potentially higher return</p>	*	1.12% of the net asset value of the fund

See Section 4 (*What are the risks of investing?*) for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. 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: A combination of actual fund returns and market index returns have been used to determine the risk indicators as the funds do not have 5 years of actual returns. The risk indicator may therefore provide a less reliable indicator of the potential future volatility of the funds. For the five year period ending 30 September 2018, market index returns have been used up until 28 February 2018, with actual returns used for the remaining period to 30 September 2018.

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SECTION 2

HOW DOES THIS INVESTMENT WORK?

A managed investment scheme is an investment structure where a supervisor, a custodian and a manager work together for the benefit of all investors. Mercer FlexiSaver is governed by a trust deed dated 16 September 2015 (as amended from time to time).

The supervisor (or a custodian appointed by the supervisor) holds the investments of the scheme. A separate and independent manager makes the investment management and other administrative and operational decisions for the benefit of all investors. The manager also gives instructions to the supervisor as to how to deal with the investments. The supervisor supervises the manager's performance of its functions and its issuer obligations.

Mercer FlexiSaver is registered under the Financial Markets Conduct Act 2013. The scheme is a pooled fund which means that your money is pooled with other investors' money and invested. Pooling money can enable access to a wider variety of assets and provide greater diversity than you may achieve on your own.

When you invest in Mercer FlexiSaver via a PIP, it is the PIP that is the investor. As an investor, the money the PIP invests on your behalf buys units in the funds you have chosen to invest in.

Mercer makes the investment decisions and looks after the general operations of the scheme and each fund. Mercer's duties are supervised by Trustees Executors Limited, the supervisor of the scheme.

The number of units that an investor holds in a fund represents that investor's proportionate interest in that fund.

Units only give a beneficial interest in a fund. Each unit represents an equal beneficial interest in the net investments of that fund. A unit does not give rise to an interest in any particular investment of the relevant fund.

An investor can only access the value of their investment by redeeming units. There are no regular distributions from the scheme. All units in a fund have equal value. The value of units will fluctuate over time, and may rise or fall.

An investor may invest in any one or a combination of the three funds that are available when investing via a PIP. The investments of one fund cannot be used to cover the liabilities of another fund. There are other funds available within Mercer FlexiSaver which the manager will provide more information on, on request.

The key benefits of investing in the scheme managed by Mercer are:

1. flexibility to choose from a range of sector investments;
2. sector specialist investment management using a "manager of managers" investment approach.

MAKING INVESTMENTS

Investments into the three funds in this PDS can only be made via selected PIPs. Further information about how to apply is provided in Section 10. When you invest in Mercer FlexiSaver via a PIP, it is the PIP which will be the investor and they will make an investment on your behalf.

As at the date of this PDS, Mercer does not require a minimum investment amount but this is subject to change. Your PIP may have a minimum investment amount.

As a PIE, the funds are subject to meeting certain eligibility requirements such as minimum investor numbers and maximum investor interests as stipulated in the Income Tax Act. Mercer has discretion whether or not to accept applications and to manage investments in such a way to meet the PIE requirements.

WITHDRAWING YOUR INVESTMENTS

An investor may withdraw investments in Mercer FlexiSaver at any time. Requests to make a withdrawal can only be made via your financial adviser who will instruct the PIP. The PIP is responsible for forwarding your request to us on your behalf.

Mercer sets no minimum withdrawal amounts, though a minimum may be applied by your PIP.

Any withdrawal amounts will be paid to your PIP to distribute to you as soon as possible after processing the request. Mercer may suspend withdrawals during any period including if it considers the redemption price for units cannot be calculated in a fair manner or when it is unable to realise sufficient of the underlying assets of a fund in order to fully satisfy a withdrawal request.

In certain circumstances, Mercer can also defer payment of withdrawals.






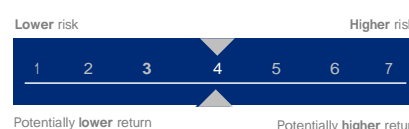
HOW TO SWITCH BETWEEN FUNDS

You are able to switch from one fund to another or multiple funds. To request a switch, please contact your financial adviser.

Your PIP may have requirements regarding frequency of switch requests or minimum investment amounts.

SECTION 3

DESCRIPTION OF YOUR INVESTMENT OPTION(S)

INVESTMENT OPTION, STRATEGY AND OBJECTIVES	TARGET INVESTMENT MIX	RISK INDICATOR	NOTE	MINIMUM RECOMMENDED INVESTMENT TIMEFRAME
Mercer Overseas Shares Invests almost entirely in overseas share markets (not hedged into New Zealand dollars). May be suitable for investors seeking exposure to international shares (unhedged) and who are comfortable with a high level of volatility in returns.	 <ul style="list-style-type: none"> Growth 100% International equities 100% 	 <p>Lower risk Higher risk</p> <p>Potentially lower return Potentially higher return</p>	*	Minimum 10 years
Mercer Overseas Shares (Hedged) Invests almost entirely in overseas share markets (hedged into New Zealand dollars). May be suitable for investors seeking exposure to international shares and who are comfortable with a high level of volatility in returns.	 <ul style="list-style-type: none"> Growth 100% International equities 100% 	 <p>Lower risk Higher risk</p> <p>Potentially lower return Potentially higher return</p>	*	Minimum 10 years
Mercer Real Assets Invests in a combination of infrastructure shares, property shares and commodity derivatives. May be suitable for investors seeking exposure primarily to liquid real assets and who are comfortable with a high level of volatility in returns. Overseas investments are hedged into New Zealand dollars.	 <ul style="list-style-type: none"> Growth 100% Listed property 42.5% Other[^] 42.5% Commodities 15.0% 	 <p>Lower risk Higher risk</p> <p>Potentially lower return Potentially higher return</p>	*	Minimum 10 years

[^]Listed infrastructure

We regularly review our statement of investment policies and objectives, also known as the SIPO, which is available on www.disclose-register.companiesoffice.govt.nz. Mercer, in consultation with the supervisor, may change it from time to time as a result of changes in the market or following a review by Mercer of the scheme's investment policies or objectives. Any changes to the SIPO will be advised in the scheme's annual report, but will not otherwise be separately notified to investors.

Further information about the assets in the funds can be found in the fund updates at: www.mercerfinancialservices.co.nz.

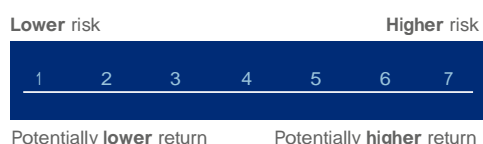
*Note: A combination of actual fund returns and market index returns have been used to determine the risk indicators as the funds do not have 5 years of actual returns. The risk indicator may therefore provide a less reliable indicator of the potential future volatility of the funds. For the five year period ending 30 September 2018, market index returns have been used up until 28 February 2018, with actual returns used for the remaining period to 30 September 2018.

SECTION 4

WHAT ARE THE RISKS OF INVESTING?

UNDERSTANDING THE RISK INDICATOR

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.



See Section 3 (*Description of your investment option*) for the risk indicators which have been calculated for Mercer FlexiSaver funds available via PIPs.

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, speak to your financial adviser 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 (described under the heading 'Other specific risks') that are not captured by this rating.

The risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on a combination of actual and market index returns for the five years to 30 September 2018. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund update for each of the funds.

GENERAL INVESTMENT RISKS

Some of the things that may cause the value of the funds to move up or down, which affect the risk indicator, are: investment portfolio and asset class risk, market risk, currency risk and interest rate risk.

These risks are summarised below:

Investment Portfolio and Asset Class Risk - Each fund will be subject to the particular risks applying to the types of assets the fund invests in. Funds with a higher concentration of growth assets have a corresponding higher level of risk.

Market Risk - Returns on a fund's investments will be affected by the performance of the investment markets generally. Market performance is affected by demand and supply, economic, technological, political, tax and regulatory conditions as well as market sentiment.

Currency Risk - Where a fund invests outside of New Zealand, its returns will be affected by movements between the other currencies and the New Zealand dollar.

Interest Rate Risk - The market value of a fund that includes fixed income securities can change due to changes in interest rates generally. Relatively small changes in interest rates can significantly impact the market value of fixed income assets.

OTHER SPECIFIC RISKS

There are circumstances which may arise and significantly increase the risk to returns for investors (and which are not already reflected in the risk indicators). These risks relate to Mercer's particular approach to management of the funds' investments.

We are a "manager of managers" and therefore there is the risk that a manager we select underperforms, resulting in lower returns than the relevant market or objective. To reduce this risk, we have a thorough manager research and monitoring process, and we also diversify across a number of managers.

More information about risks, including active management risks (as a specific risk), can be found in the document "Other Material Information – Risks" available at www.disclose-register.companiesoffice.govt.nz (search for Mercer FlexiSaver).

SECTION 5

WHAT ARE THE FEES?

You will be charged fees for investing in Mercer FlexiSaver. Fees are deducted from your investment and will reduce your returns. If Mercer invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term;
- one-off fees (currently none).

Any fees charged by funds that Mercer invests in will be included in Mercer's own charges.

TOTAL ANNUAL FUND CHARGES

FUND	MANAGER'S BASIC FEE (% Per Annum)	OTHER MANGEMENT AND ADMINISTRATION CHARGES (Estimated % Per Annum)		TOTAL ANNUAL FUND CHARGES (Estimated % Per Annum)
		Other Expenses (Estimated % Per Annum)	External Manager Performance Fees (Estimated % Per Annum)	
Mercer Overseas Shares	0.82%	0.17%	n/a	0.99%
Mercer Overseas Shares (Hedged)	0.82%	0.16%	n/a	0.98%
Mercer Real Assets	0.92%	0.20%	n/a	1.12%

The fees disclosed are on a before-tax basis. GST may be added to fees and may be included in some expenses, where applicable.

The total annual fund charges are set out as a percentage of the net asset value of the fund. They are charged by Mercer. These charges cover fees of Mercer (Manager's Basic Fee) and the supervisor and custodian (included in Other Expenses) in performing their management and supervisory functions (respectively) to the scheme.

The annual fund charges include estimates for certain costs incurred and expenses recovered such as indirect costs charged by external investment trusts or managers of underlying funds. Estimates have been based on the total amount of such costs recovered for the previous financial year to 31 March 2018 (where this is available).

Mercer and the Supervisor also incur a number of expenses for which they are entitled to be reimbursed out of the scheme assets. These are included as an estimate in Other Expenses in the table above.

External manager performance fees are an estimate based on the average actual annualised outperformance for similar Mercer funds over the five years to 31 March 2018. The fees incurred will depend on the managers selected that do vary from time to time and on their actual performance, and will fluctuate from these estimates as past performance is not indicative of future performance.

There are currently no contribution, establishment, termination or withdrawal fees charged to you and you are not currently charged other fees on an individual basis for investor-specific decisions or actions.

EXAMPLE OF HOW FEES APPLY TO AN INVESTOR

Ms Smith invests \$10,000 in the Mercer Real Assets fund of Mercer FlexiSaver via a PIP. This means that the starting value of her investment is \$10,000. She is charged management and administration fees, which work out to about \$112 (1.12% of \$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Note that your financial adviser or PIP may charge you additional fees.

ESTIMATED TOTAL FEES FOR THE FIRST YEAR

Individual action fees	\$NIL
Fund charges	\$112
Other charges	\$NIL

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

This example applies only to the Mercer Real Assets fund of Mercer FlexiSaver.

If you are considering investing in other funds in the scheme, this example may not be representative of the actual fees you may be charged.

THE FEES CAN BE CHANGED

The existing fees may be changed or new fees imposed in accordance with the trust deed and applicable law. We will notify your adviser and PIP in the event that we increase any fee or introduce any new fees.

Mercer must publish a fund update for each fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at

www.mercerfinancialservices.co.nz.

Mercer reserves the right to negotiate different fees with certain investors having regard to such factors as the amount of their investment.



SECTION 6

WHAT TAXES WILL YOU PAY?

Mercer FlexiSaver is a portfolio investment entity. The amount of tax you pay on your investment returns is based on your prescribed investor rate (PIR). To determine your PIR, visit www.ird.govt.nz/toii/pir/workout. If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department.

As the PIP invests in Mercer FlexiSaver on your behalf, it is your responsibility to notify your financial adviser of your PIR when you invest in the fund or if your PIR changes. Non-disclosure of your PIR may result in the default PIR being applied to your investments.

If the advised PIR is lower than the correct PIR, you will need to complete a personal tax return and pay any tax shortfall, interest, and penalties. If the default rate or the advised PIR is higher than the correct PIR, you will not get a refund of any overpaid tax.

SECTION 7

WHO IS INVOLVED?

ABOUT MERCER

Mercer has been operating in New Zealand since 1957 providing investment, actuarial, consulting and administration services to employer based superannuation and KiwiSaver schemes as well as investment services to the wholesale sector.

Mercer is part of the US based Marsh & McLennan group of companies, which includes Guy Carpenter, Marsh, Mercer, Oliver Wyman and NERA. Mercer and its directors can be contacted at the following address:

Mercer (N.Z.) Limited
151 Queen Street
Auckland 1010
Telephone: 0508 637 237

WHO ELSE IS INVOLVED?

	NAME	ROLE
Supervisor	Trustees Executors Limited	The Supervisor of the scheme under the Financial Markets Conduct Act 2013, responsible for supervising Mercer as manager of the scheme.
Custodian	BNP Paribas Fund Services Australasia Pty Ltd	Holds the assets of the scheme separate to the Manager and on behalf of the Supervisor.

SECTION 8

HOW TO COMPLAIN

If you have any problems or issues with any of the funds offered in this PDS, please contact your financial adviser in the first instance.

If your financial adviser has been unable to help you, please direct any complaints about your investment to Mercer at:

Mercer (N.Z.) Limited
151 Queen Street
PO Box 105591
Auckland 1010

Attn: Inquiries and Privacy Officer
Telephone: 0508 637 237
Email: NZ.Privacy@mercero.com

If we are unable to resolve your complaint, you may choose to contact the supervisor at:

Trustees Executors Limited
Level 7, 51 Shortland Street
Auckland 1140

Attn: Client Manager - Corporate Trustee Services
Telephone: 09 308 7100

Mercer is a member of the Insurance and Financial Services Ombudsman Scheme (IFSO Scheme) and the supervisor is a member of Financial Services Complaints Limited (FSCL), both of which are independent dispute resolution schemes.

If you make a complaint to us and the complaint cannot be resolved, then you may refer it to the IFSO subject to certain conditions being met.

Office of IFSO
Level 8, Shamrock House
79-81 Molesworth Street
Wellington

PO Box 10-845
Wellington 6143

Telephone: 04 499 7612 or 0800 888 202
Facsimile: 04 499 7614

Email: info@ifso.nz

The IFSO will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to the IFSO can be found at www.ifso.nz.

If you have made a complaint to the supervisor, and it has not been resolved, you can refer it to FSCL at:

4th Floor, 101 Lambton Quay, Wellington
PO Box 5967, Wellington 6140

Telephone: 0800 347 257
Facsimile: 04 472 3728

Email: complaints@fscl.org.nz

FSCL will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to FSCL can be found at www.fscl.org.nz.

Different procedures apply for IFSO and FSCL. Full details can be obtained at their respective websites.

SECTION 9

WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Mercer FlexiSaver and units in the scheme, including financial statements is available on the offer register and the scheme register which can be found at. A copy of the information on the offer register and the scheme register is available on request to the Registrar of Financial Service Providers.

Fund updates and other information are available at www.mercerfinancialservices.co.nz, or available on request to Mercer in writing or by telephone. You can call us on 0508 637 237.

All the information can be obtained from Mercer without charge.

You can get information about your PIP from your adviser.

SECTION 10

HOW TO APPLY

INVESTING THROUGH A PIP

Investment in the funds included in this PDS is available only through selected PIPs.

When you invest through a PIP, the PIP invests into the funds on your behalf. You are not a direct investor in the fund so will not have a direct relationship with us, as the manager, or the Supervisor. As the investor, the PIP has the direct relationship with us.

You will need to complete an application form and any other documents as required by your financial advisor and provide your initial investment amount to be paid into the PIP's trust account. The PIP will then then make an application for units in the fund on your behalf.

All investor and disclosure documentation will be sent directly to the PIP and not to you.

The PIP and your financial adviser may have specific terms and conditions relating to investment in Mercer FlexiSaver. You should contact your financial adviser for details of any:

- Minimum investments or minimum withdrawals;
- Timeframes and requirements for applications and withdrawals; and
- Fees and charges payable to the PIP or your financial adviser (in addition to fees and charges set out in this PDS).

The PIP will be responsible for:

- Paying tax on income received by applying the underlying investor PIRs.
- Providing returns and other information required by Inland Revenue.
- Providing Mercer with information regarding the underlying investors that may be relevant to whether Mercer FlexiSaver meets PIE eligibility requirements.
- Adjusting the units the PIP holds on behalf of investors to reflect the effect of the underlying investor PIRs on the amount of distributions and payments.

If you would like further information on how to invest in Mercer FlexiSaver, please contact your financial adviser.

FOR FURTHER INFORMATION
www.mercerfinancialservices.co.nz
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@Mercer_NZ



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