

NEW ZEALAND DEFENCE FORCE FLEXISAVER SCHEME

UNIT PRICING

NOVEMBER 2019



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1. 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Mercer will, in respect of amounts debited to the scheme, amounts transferred from or within the scheme, or amounts withdrawn from the scheme, cancel the number of units determined by dividing the amount debited, transferred or withdrawn in respect of the relevant investment portfolio or investment portfolios by the relevant unit price or unit prices on the applicable valuation day.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.

2. Valuation

The governing documents set out the principles which are applicable to the valuation of the scheme's investments. If Mercer determine 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 intend to depart from the previously applied valuation method, such departure follows timely notice to, and consultation with, the Supervisor.

3. 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 on issue referable to the investment portfolio at that valuation day.

4. 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 PIRs 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.

5. Bonus Units

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

6. 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 on issue referable to the investment portfolio at that valuation day.

Mercer will usually redeem units for a redemption request using the latest available redemption price at the time of processing.

7. 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 are unable to realise sufficient of the underlying assets of the investment portfolio in order to satisfy fully a redemption request. There is no time limit on how long such suspensions may continue as long as the original grounds for suspension continue.

Currently Mercer deducts the fees set out in the scheme 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.



Mercer (N.Z.) Limited
PO Box 1849 Wellington 6140
New Zealand

Phone: 0800 333 787
or from overseas: +61 3 8687 1871

nzdf@mercer.com