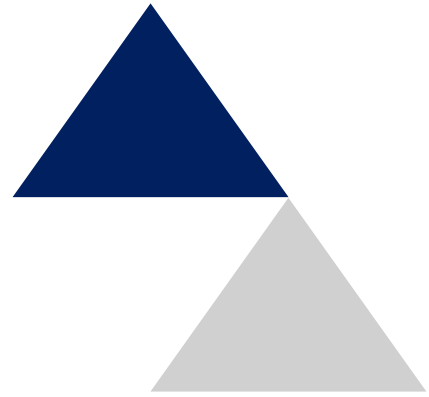


FUND UPDATE

MERCER OVERSEAS SHARES FUND MERCER FLEXISAVER



Quarter ending 31 December 2017

This fund update was first made publicly available on: 12 February 2018.

WHAT IS THE PURPOSE OF THIS UPDATE?

This document tells you how the Mercer Overseas Shares fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Mercer (N.Z.) Limited prepared this update in accordance with the Financial Markets Conduct Act 2013.

This information is not audited and may be updated.

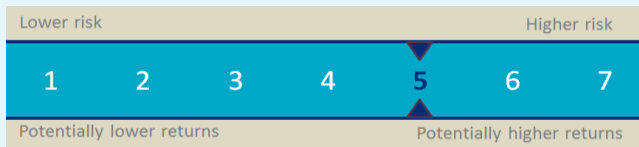
DESCRIPTION OF THIS FUND

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.

Total value of the fund	\$0
Date the fund started	20 December 2017

WHAT ARE THE RISKS OF INVESTING?

Risk indicator for the Mercer Overseas Shares 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.mercerfinancialservices.co.nz/riskprofile.

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 5 years to 31 December 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 Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

[†] Market index returns for the five years to 31 December 2017 have been used to determine the risk indicator as the fund has less than 5 years of actual returns. The risk indicator may therefore provide a less reliable indicator of the potential future volatility of the fund.

HOW HAS THE FUND PERFORMED?

	Past year
Annual return <i>(after deductions for charges and tax)</i>	Not applicable
Annual return <i>(after deductions for charges but before tax)</i>	Not applicable
Market index annual return <i>(reflects no deductions for charges and tax)</i>	19.99%

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.

WHAT FEES ARE INVESTORS CHARGED?

Investors in the Mercer Overseas Shares fund pay fund charges. Based on the PDS dated 12 December 2017, these are expected to be¹:

	% of net asset value
TOTAL FUND CHARGES	0.98% (estimated)
Which are made up of:	
TOTAL MANAGEMENT AND ADMINISTRATION CHARGES	0.98% (estimated)
Including:	
Manager's basic fee	0.82%
Other management and administration charges	0.16% (estimated)
TOTAL PERFORMANCE BASED FEES	0.00%
	Dollar amount per investor
OTHER CHARGES	\$0.00

Investors are not currently charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the the PDS for PIP investors in the Mercer FlexiSaver scheme for more information about Scheme fees. Small differences in fees and charges can have a big impact on your investment over the long term.

EXAMPLE OF HOW THIS APPLIES TO AN INVESTOR

Ben had \$10,000 in the fund at the start of the period and didn't make any further contributions. At the end of the period, as the fund has received not investment at 31 December 2017, Ben received a return after fund charges were deducted of \$0.00 (0.00% of his initial \$10,000). Ben also paid \$0.00 in other charges. This gave Ben a total return after tax of \$0.00 for the period.

WHAT DOES THE FUND INVEST IN?

Actual investment mix

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

Not applicable as fund has received no investment at 31 December 2017

TARGET INVESTMENT MIX

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

Cash and cash equivalents	0.00%
New Zealand fixed interest	0.00%
International fixed interest	0.00%
Australasian equities	0.00%
International equities	100.00%
Listed property	0.00%
Unlisted property	0.00%
Commodities	0.00%
Other	0.00%

TOP 10 INVESTMENTS

Name	% of fund net assets	Type	Country	Credit rating (if available)
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Not applicable as fund has received no investment at 31 December 2017

The top 10 investments make up 0.00% of the fund.

KEY PERSONNEL

This shows the directors and employees who have the most influence on the investment decisions of the fund.

Name	Current Position	Time in current position	Previous/other position	Time in previous/other position
Ross Butler	Chairman - Mercer (N.Z.) Ltd	5 years 0 months	Chairman - Mercer Investment Nominees (NZ) Ltd	2 years 0 months
Martin Lewington	CEO - Mercer (N.Z.) Ltd	8 years 10 months	Head of Investments - Mercer (N.Z.) Ltd	3 years 8 months
Philip Houghton-Brown	Chief Investment Officer - New Zealand, Mercer (N.Z.) Ltd	5 years 5 months	Chief Investment Officer - Onepath (NZ) Ltd	5 years 3 months
Kylie Willment	Chief Investment Officer, Pacific, Mercer Australia (Pty) Ltd	0 years 2 months	Senior Manager, Investment & Client Strategy - TCorp (NSW Treasury Corporation)	17 years 0 months
Philip Graham	Deputy Chief Investment Officer - Pacific, Mercer Australia (Pty) Ltd	6 years 5 months	Senior Portfolio Strategist - Mercer Australia (Pty) Ltd	4 years 2 months

FURTHER INFORMATION

You can also obtain this information, the PDS for PIP investors in the Mercer FlexiSaver scheme and some additional information from the offer register at www.companiesoffice.govt.nz/disclose.

NOTES

1. As the fund commenced on 20 December 2017 a full year had yet to be completed and therefore PDS fee data was used for the fund charges table. The PDS version used was dated 12 December 2017 as this was the most recent version available at the time this fund update was first made publicly available.