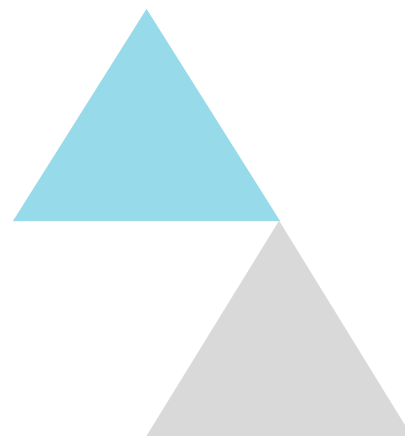


FUND UPDATE

MERCER CONSERVATIVE FUND MERCER SUPER TRUST



Quarter ending 31 March 2018

This fund update was first made publicly available on: 1 May 2018.

WHAT IS THE PURPOSE OF THIS UPDATE?

This document tells you how the Mercer Conservative 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.

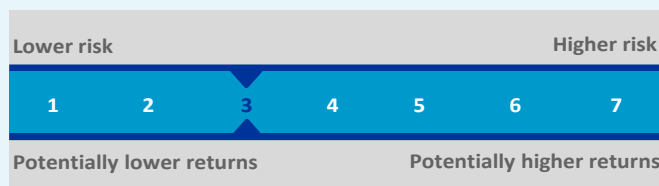
DESCRIPTION OF THIS FUND

Invests mostly in cash and fixed interest, with only limited investment in growth assets such as shares and real assets. May be suitable for investors who want to achieve slightly higher returns than those expected from investing solely in cash. Investors need to be comfortable with the possibility of some fluctuations in returns.

Total value of the fund	\$31,418,226
Number of members in the fund	670
Date the fund started	22 September 1998

WHAT ARE THE RISKS OF INVESTING?

Risk indicator for the Mercer Conservative 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.

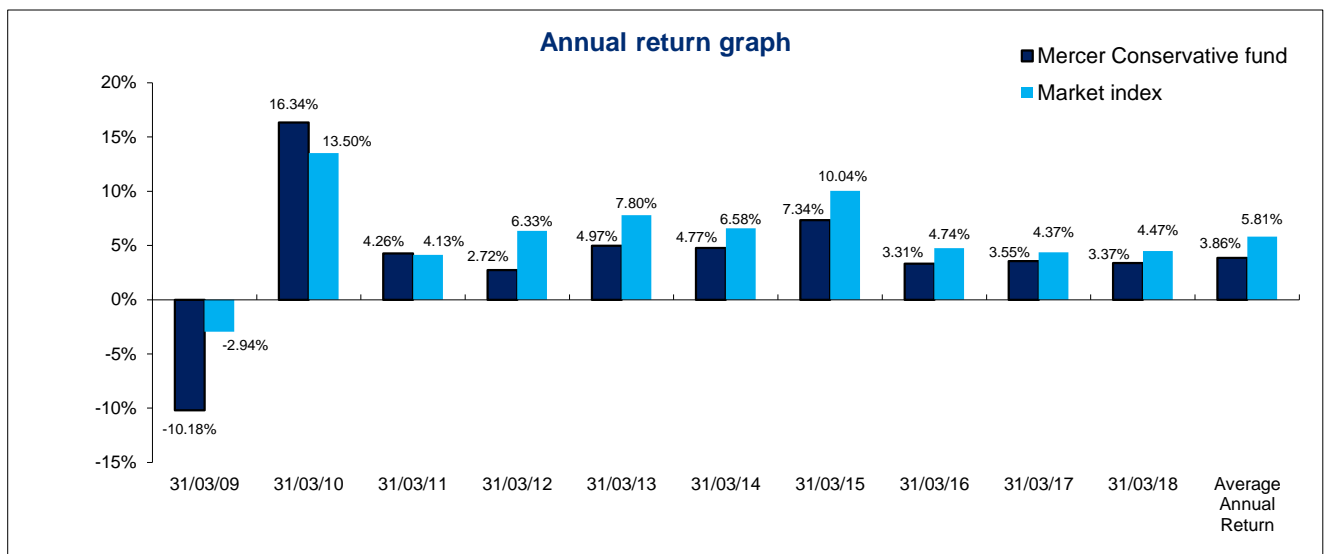
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 5 years to 31 March 2018. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

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 <i>(after deductions for charges and tax)¹</i>	4.45%	3.37%
Annual return <i>(after deductions for charges but before tax)¹</i>	5.53%	4.16%
Market index annual return <i>(reflects no deductions for charges and tax)</i>	6.01%	4.47%

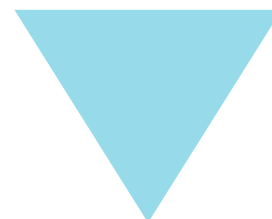
The market index return is the strategic asset allocation weighted benchmark index return, where the benchmark indices are defined in the Statement of Investment Policy and Objectives. Additional information about the market index is available on the offer register.



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years up to 31 March 2018.

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

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.



WHAT FEES ARE INVESTORS CHARGED?

Investors in the Mercer Conservative fund pay fund charges. In the year to 31 March 2017 these were:

	% of net asset value
TOTAL FUND CHARGES	0.92% ²
Which are made up of:	
TOTAL MANAGEMENT AND ADMINISTRATION CHARGES	0.92% ²
Including:	
Manager's basic fee	0.50%
Other management and administration charges	0.42% ²
TOTAL PERFORMANCE BASED FEES	0.00%
OTHER CHARGES	Dollar amount per investor ³
Membership Fee	\$47.64

*Note: Included within 'Other management and administration charges' are performance-based fees charged by external managers of underlying funds that the fund invested into of 0.07%. Over the past five years, performance based fees have averaged 0.02% using data from similar funds Mercer manages. Performance-based fees are subject to market movements and external manager performance and the amount of these fees may differ from those disclosed for the year 31 March 2017.

These are not included in the line 'Total Performance Based Fees' as this line relates to any performance based fee paid directly to the Manager.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the Mercer Super Trust PDS and Your Plan Details for more information about fees.

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

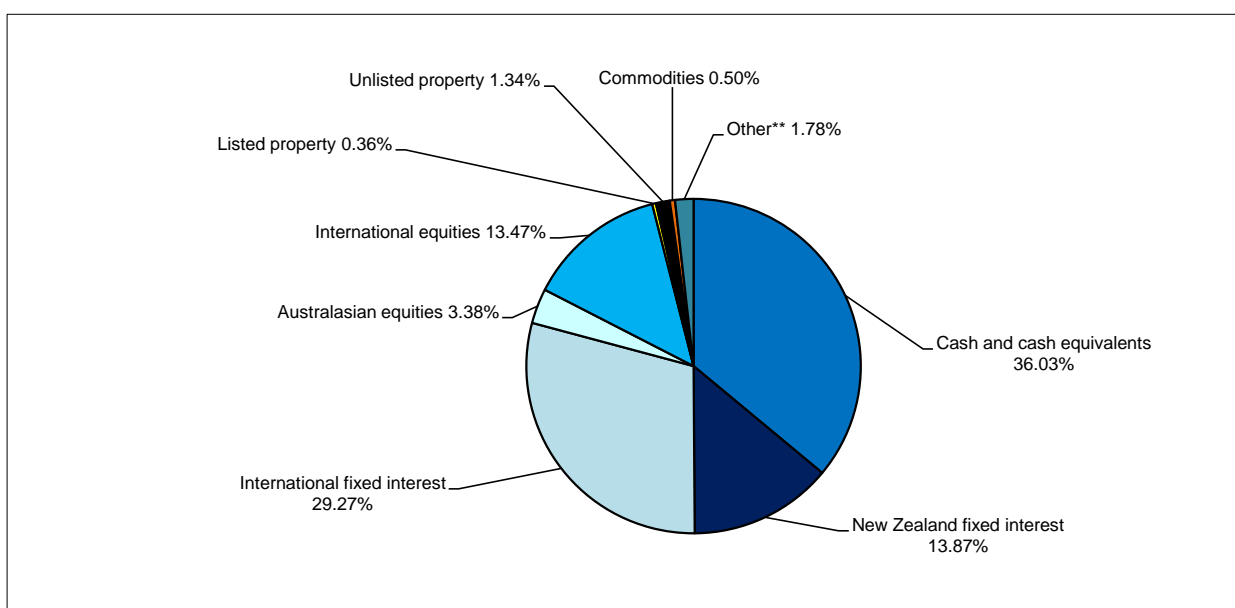
EXAMPLE OF HOW THIS APPLIES TO AN INVESTOR

Ben had \$10,000 in the fund at the start of the year and didn't make any further contributions. At the end of the year, Ben received a return after fund charges were deducted of \$337.00 (3.37% of his initial \$10,000). Ben also paid \$47.64 in other charges. This gives Ben a total return after tax of \$289.36 for the year.

WHAT DOES THE FUND INVEST IN?

Actual investment mix

This shows the types of assets that the fund invests in.⁴



**Includes listed and unlisted infrastructure assets and alternatives

TARGET INVESTMENT MIX

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

Cash and cash equivalents	30.00%
New Zealand fixed interest	15.00%
International fixed interest	35.00%
Australasian equities	5.00%
International equities	11.00%
Listed property	0.88%
Unlisted property	0.87%
Commodities	0.50%
Other*	1.75%

*Includes listed and unlisted infrastructure assets and alternatives

TOP 10 INVESTMENTS ⁴

Name	% of fund net assets	Type	Country	Credit rating (if available)
1 AMP Capital Investors NZ Cash Fund	34.54%	Cash and cash equivalents	New Zealand	NA
2 ANZ Wholesale Sovereign Bond Fund	13.73%	New Zealand fixed interest	New Zealand	NA
3 Challenger Harris Global Sovereign Bond Trust	5.42%	International fixed interest	Australia	NA
4 Robeco Global Credit Fund	3.59%	International fixed interest	Australia	NA
5 BNP Paribas US Dollar account	0.61%	International equities	United States	NA
6 BNP New Zealand Dollar Custodial Account Indexed Cash Portfolio	0.57%	Cash and cash equivalents	New Zealand	NA
7 BNP New Zealand Dollar Custodial Account Conservative Portfolio	0.49%	Cash and cash equivalents	New Zealand	NA
8 Commonwealth of Australia 3.25% bond (21/10/2018)	0.45%	International fixed interest	Australia	NA
9 Westpac Business Interest Account	0.43%	Cash and cash equivalents	New Zealand	AA-
10 T Rowe Price Global Unconstrained Bond Fund	0.43%	International fixed interest	Australia	NA

The top 10 investments make up 60.26% of the fund.

Currency hedging

Currency hedging can apply to some of the asset classes this fund invests in. The level of currency hedging for global shares is managed between 0% and 100% and may change over time depending on Mercer's view of the relative strength (or weakness) of the New Zealand dollar. Other global assets classes (Global Fixed Interest and Real Assets), target a 100% net of tax hedge to the New Zealand dollar. Refer to the Statement of Investment Policy and Objectives for more information which is available from www.companiesoffice.govt.nz/disclose

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 3 months	Chairman - Mercer Investment Nominees (NZ) Ltd	2 years 0 months
Martin Lewington	CEO - Mercer (N.Z.) Ltd	9 years 1 month	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 8 months	Chief Investment Officer - OnePath (NZ) Ltd	5 years 3 months
Kylie Willment	Chief Investment Officer, Pacific, Mercer Australia (Pty) Ltd	0 years 5 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 8 months	Senior Portfolio Strategist - Mercer Australia (Pty) Ltd	4 years 2 months

FURTHER INFORMATION

You can also obtain this information, the PDS for the Mercer Super Trust and some additional information from the offer register at www.companiesoffice.govt.nz/disclose.

NOTES

1. The total deductions applied include a percentage based administration fee of 0.40% per annum. This is the rate applied to the unit price and may be higher or lower for some investors meaning returns may differ.
2. The administration fee contained within other management and administration charges has been determined as an average for the year. As this fee can vary by plan the fee applicable for investors may therefore be higher or lower. Please refer to Your Plan Details for information relating to the total fund charges applicable if you are a member of a Plan.
3. Membership fees are the fixed dollar charges for membership of the Scheme and are charged monthly. As the fee varies by Plan, the value stated is the average fee charged across the scheme for the year ended 31 March 2017. The fee can be higher or lower for investors with more details relating to the applicable fee noted in Your Plan Details.
4. For the reporting of the types of assets under Actual investment mix and Top 10 investments, cash retained for liquidity management at a sector level is assigned to the asset class to which it relates to.

Got any questions?

Visit our website www.mercerfinancialservices.co.nz or call our Helpline on **0508 637 237** (if calling from within New Zealand).

If you're calling from overseas you can contact us on **+61 3 8687 1886**. Helpline hours are from 9am to 7pm, Monday to Friday except public holidays.