

New Zealand Defence Force KiwiSaver Scheme

PRODUCT DISCLOSURE STATEMENT



This replacement product disclosure statement replaces the product disclosure statement dated 30 September 2015. 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.companiesoffice.govt.nz/disclose. 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

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.

What will your money be invested in?

The New Zealand Defence Force KiwiSaver Scheme (the Scheme) offers seven funds. These funds are summarised on the following page. More information about the investment targets and strategy for each fund is provided at Section 3 (Description of your investment option(s)).

Who manages the New Zealand Defence Force KiwiSaver Scheme?

The manager of the New Zealand Defence Force KiwiSaver Scheme 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?

To get your money out from the New Zealand Defence Force KiwiSaver Scheme you will need to apply for a withdrawal permitted under the KiwiSaver Act 2006. There are a limited number of circumstances when you can make a withdrawal before reaching the age of eligibility for a retirement withdrawal.

These circumstances are:

1. If you suffer significant financial hardship or serious illness; or
2. when you are purchasing a first home; or
3. after you permanently emigrate from New Zealand (other than to Australia); or
4. should you transfer from this scheme to another KiwiSaver scheme; or
5. If a court orders the release of funds from your investment including a court order under the Property (Relationships) Act; or
6. should you die, in which case your investment will be paid to your estate's personal representatives; or
7. withdrawal for tax liability on foreign superannuation withdrawal.

Conditions apply. Otherwise you can get your money out when you reach age 65 and you have been in KiwiSaver for at least 5 years.

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

How will your investment be taxed?

The New Zealand Defence Force KiwiSaver Scheme 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 can be 10.5%, 17.5% or 28%. See Section 6 of the PDS (What taxes will you pay?) on page 12 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.nzdf.superfacts.co.nz. The manager will also give you copies of those documents on request.

Fund	Investment Objective	Risk Indicator	Note	Annual Charges Per Investor (Estimated)^
Cash	Invests mainly in cash and short term interest bearing investments. Designed for investors who want no exposure to growth assets or where the funds may be required in the shorter term.		*	Fund charges 0.57% of the net asset value of the fund
Conservative	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.		*	Fund charges 0.78% of the net asset value of the fund
Moderate	Invests in cash and fixed interest, with about a third of investments being in growth assets such as shares and real assets. May be suitable for investors who want to invest in a broad mix of assets and who are comfortable with a higher degree of volatility in returns than can be expected from the Conservative fund.		*	Fund charges 0.90% of the net asset value of the fund
Balanced (if you don't choose a fund, you will default into this fund)	Invests in a wide range of assets. May be suitable for investors who want a diversified investment with exposure to shares, real assets, alternative assets, fixed interest and cash, who are comfortable with a higher degree of volatility in returns than can be expected from the Moderate fund and who can invest for the long term.		*	Fund charges 1.01% of the net asset value of the fund
Growth	Invests mainly in growth assets such as shares, real assets and alternative assets with only a limited amount in cash and fixed interest. May be suitable for investors wanting to invest mostly in growth assets who are comfortable accepting more volatile returns than those expected from the Balanced fund with a view to achieving higher longer term returns.		*	Fund charges 1.12% of the net asset value of the fund
High Growth	Invests almost entirely in growth assets such as shares, real assets and alternative assets, with only a small amount invested in cash and fixed interest. May be suitable for investors wanting to invest predominately in growth assets, who want higher long term returns and are comfortable with high volatility in returns.		*	Fund charges 1.16% of the net asset value of the fund
Shares	Invests almost entirely in the share market. May be suitable for investors seeking exposure mostly to shares and who are comfortable with a high level of volatility in returns.		*	Fund charges 1.16% of the net asset value of the fund

^An administration fee of \$30 per annum is also charged, irrespective of how many of the Funds you invest in.

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 these funds do not have 5 years of actual returns. The risk indicators may therefore provide a less reliable indicator of the potential future volatility of the fund. For the five year period ending 30 September 2017, market index returns have been used up to 31 December 2015 for the Cash fund and 30 November 2015 for Conservative and Moderate funds. For the Balanced, Growth, High Growth and Shares funds market index returns have been used up to 31 October 2015. As full month actual returns were available after these dates, actual returns were used for the remaining periods to 30 September 2017.

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SECTION 2 HOW DOES THIS INVESTMENT WORK?

A KiwiSaver scheme is an investment structure where a supervisor, a custodian and a manager work together for the benefit of all investors.

New Zealand Defence Force KiwiSaver Scheme 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.

The New Zealand Defence Force KiwiSaver Scheme is registered under the Financial Markets Conduct Act 2013 as a KiwiSaver scheme. 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.

As an investor, every time you contribute to the Scheme you will receive units corresponding to whichever of the funds within the Scheme you 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. Withdrawals from the Scheme can be made only in the circumstances specified in this section.

All units in a fund have equal value. The value of units will fluctuate over time, and may rise or fall. The New Zealand Defence Force KiwiSaver Scheme is a defined contribution scheme.

This means that an investor contributes to the Scheme over time and benefits payable depend on the amount of contributions made by the investor or on behalf of the investor, and any investment returns on those contributions.

The principal purpose of the Scheme is to help individuals save for their retirement.

There are seven funds. An investor may invest in any one of the seven funds, or in a combination of these funds. The investments of one fund cannot be used to cover the liabilities of another fund.

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

1. flexible choice of investments which means you can choose one or a combination of funds you invest in;
2. sector specialist investment management;
3. access to a range of options;
4. experienced administration of retirement savings accounts;
5. membership in the Scheme can continue even if you leave the New Zealand Defence Force; and
6. comprehensive reporting, award winning clear and concise communications, innovative and personalised investor information tools.

Responsible investment, including environmental, social, and governance considerations, is taken into account in the investment policies and procedures of the Scheme as at the date of this Product Disclosure Statement. You can obtain an explanation of the extent to which responsible investment is taken into account in those policies and procedures at the issuer's internet site at www.nzdf.superfacts.co.nz.

There is no Crown guarantee in respect of any KiwiSaver scheme or investment product of a KiwiSaver scheme.

Joining the Scheme

You are eligible to join the New Zealand Defence Force KiwiSaver Scheme (a KiwiSaver scheme) if you are:

- below the New Zealand superannuation qualification age (currently 65); and
- a New Zealand citizen or are entitled to live in New Zealand indefinitely; and
- living or normally living in New Zealand (with some exceptions).

If you are aged 65 and more and are already a member of KiwiSaver, you will also be eligible to join the New Zealand Defence Force KiwiSaver Scheme.

You can join the Scheme if you are eligible to join KiwiSaver and you are:

- a current member of the New Zealand Defence Force (NZDF); or
- a member of the NZDF Community (but not employed by NZDF).

The Defence Community means past and current members of the New Zealand Defence Force, Veterans, partners, children or close relatives of a current or past NZDF member.

Mercer may reject any application from persons who are not eligible to join the New Zealand Defence Force KiwiSaver Scheme. There is no minimum level of contribution but Mercer reserves the right to impose a minimum in the future.

Further information about applying to join the Scheme is set out in Section 10 (How to apply).

Making investments

If you are a member of the New Zealand Defence Force KiwiSaver Scheme and you are...	then you may elect to...	and... ^{#^}
a paid member of the NZDF	contribute either 3%, 4% or 8% of your base salary or wages*	NZDF will contribute 4% of your base salary to your New Zealand Defence Force KiwiSaver Scheme account
in paid employment other than with the NZDF	contribute either 3%, 4% or 8% of your base salary or wages* if you do not select you will contribute at the default rate of 3%	your employer must contribute at least 3% of your base salary or wages to your New Zealand Defence Force KiwiSaver Scheme account
not in any paid employment	make voluntary contributions to your New Zealand Defence Force KiwiSaver Scheme account	no employer contributions made

*Salary or wages is as defined from time to time in the KiwiSaver Act 2006. It currently includes salary or wages from employment, including other remuneration such as bonuses and overtime, as well as certain other benefits including Military Factor.

[#]If you are eligible to receive these contributions. Eligibility to receive employer contributions is set out below.

[^]NZDF or your employer may choose to contribute at a greater level than this contribution level or they may contribute less in circumstances permitted by law.

NZDF or your employer will deduct the contributions at the applicable contribution rate from each payment of your after tax salary or wages and pay them to Inland Revenue. Inland Revenue will then pay the contributions (with any interest) to the Scheme.

You can change your contribution rate to either 3%, 4% or 8% of your gross salary or wages (as the case may be) at any time by notifying NZDF or your employer accordingly.

You can also make additional regular or lump sum contributions to the Scheme at any time. If you are self-employed, not working or not contributing you can make contributions at any time. More information on how to make contributions can be found at

www.nzdf.superfacts.co.nz.

Eligibility criteria for employer contributions include being aged 18 years or older (16 years or older for NZDF personnel), not reaching the age of eligibility (currently 65) (NZDF personnel receive a contribution if still contributing beyond this age) and being an employee contributing via your salary or wages. Employer Superannuation Contribution Tax (ESCT) is deducted from employer contributions before these are provided to the Scheme.

Withdrawing your investments

You can only withdraw your investment as specified in the KiwiSaver Act 2006 or otherwise as required by law. Your interest or any future benefits that will or may become payable under the Scheme cannot be assigned or charged or passed to any other person whether by way of security, operation of law, or any other means.

Mercer may deduct any amount owed to the supervisor, Mercer or the Scheme and any amount needed to compensate the Scheme for loss resulting from the investor's fraud, dishonesty or other misconduct from any amount payable to that investor.

An investor may only withdraw contributions made to the New Zealand Defence Force KiwiSaver Scheme in the following circumstances:

Superannuation qualification age: You can withdraw your investment when:

- you reach the New Zealand superannuation qualification age (currently 65); and
- when you have been in KiwiSaver (and/or a complying superannuation scheme) for at least five years.

At that time you can:

- withdraw the full amount of your investment, in which case your KiwiSaver account will be permanently closed; or
- withdraw part of your investment (subject to conditions); and/or
- make regular withdrawals (subject to conditions).

First home: You may be eligible to withdraw your investment (leaving a minimum of \$1,000 in your account) to put towards buying your first home once three years have passed since Inland Revenue received your first KiwiSaver contribution, or the date you first joined a KiwiSaver Scheme.

Significant financial hardship: If you are suffering significant financial hardship and can provide appropriate evidence of this, you may be able to withdraw some of your KiwiSaver savings.

Significant financial hardship claims are given careful consideration by the supervisor who has sole discretion as to whether or not to approve your claim.

Significant financial hardship is defined to include significant financial difficulties that arise from a number of circumstances being:

- Your inability to meet minimum living expenses; or
- Your inability to meet mortgage repayments on your principal family residence resulting in the mortgagee seeking to enforce the mortgage on the residence; or
- The cost of modifying a residence to meet special needs arising from your disability or your dependant's disability; or
- The cost of medical treatment for illness or injury to you or your dependant; or
- The cost of palliative care for you or your dependant; or
- The cost of a funeral for your dependant; or
- Your suffering from a serious illness (as defined by the KiwiSaver Act 2006).

The supervisor may limit the amount you are able to withdraw and you cannot withdraw any member tax credits.

Serious illness: You may be able to withdraw your KiwiSaver investment early if you are experiencing terminal illness or permanent disability affecting your ability to work.

The information you provide when applying for this withdrawal will be used by the supervisor to determine whether or not you meet the criteria for a claim based on serious illness.

You may withdraw the full balance of your investment. If you do your KiwiSaver account will be closed.

Death: In the event of your death, Mercer must pay the full balance of your savings to your estate's personal representative(s).

Permanent emigration: You may apply to Mercer to withdraw your full KiwiSaver balance or have it transferred to a foreign superannuation scheme specified in the KiwiSaver Act 2006 after one year has passed since your permanent emigration from New Zealand (less the amount of any accumulated member tax credits). These withdrawals do not apply if you emigrate to Australia.

If you emigrate to Australia you will, instead, be able to transfer the full balance of your savings to an Australian complying superannuation scheme.

Conditions apply to each of these withdrawals.

Liability for tax on foreign superannuation scheme transfers: You may withdraw the full balance of your KiwiSaver account, except for the Government contributions – member tax credits and the \$1,000 kick-start (if applicable when you joined) to meet your tax liability on any amounts transferred to the Scheme from your interest in a foreign superannuation scheme (that is not in Australia), or where a student loan repayment obligation has arisen following transfer to the Scheme of your interest in that foreign superannuation scheme.

Australian sourced funds: Restrictions also apply to withdrawals for investors who have transferred their Australian superannuation savings to the Scheme. In such situations, you:

- will generally be able to start withdrawing the Australian sourced savings once you turn 60 and have retired for the purposes of Australian superannuation legislation (which simply means stopped working);
- will not be able to withdraw any Australian sourced savings for the purpose of purchasing a first home; and
- will not be able to withdraw any Australian sourced savings on permanent emigration if you subsequently permanently emigrate from New Zealand to a country other than Australia.

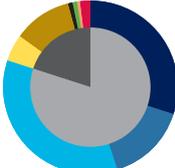
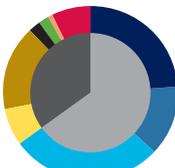
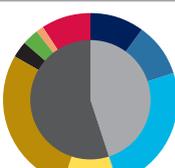
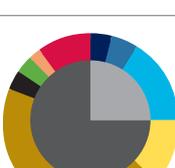
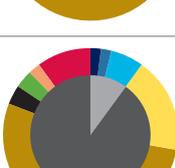
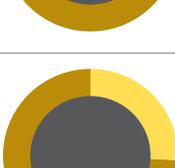
Suspending withdrawals: Mercer may temporarily stop the withdrawals during any period if it considers the redemption price for units cannot be calculated in a fair manner or when it is unable to realise sufficient of the underlying assets of a fund in order to fully satisfy a withdrawal request.

How to switch between funds

You are able to switch from one fund to another or multiple funds within the Scheme at any time by signing in to your New Zealand Defence Force KiwiSaver Scheme account online at www.nzdf.superfacts.co.nz. You may also direct your ongoing contributions to one or more funds within the Scheme at any time.

SECTION 3

DESCRIPTION OF YOUR INVESTMENT OPTION(S)

Investment option, strategy and objectives	Target investment mix
<p>Cash</p> <p>Invests mainly in cash and short term interest bearing investments. Designed for investors who want no exposure to growth assets or where the funds may be required in the shorter term.</p>	 <ul style="list-style-type: none"> Defensive 100% Cash 100%
<p>Conservative</p> <p>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.</p>	 <ul style="list-style-type: none"> Defensive 80% Cash 30% NZ fixed interest 15% International fixed interest 35% Growth 20% Australasian equities 5% International equities 11% Listed property 0.88% Unlisted property 0.87% Commodities 0.50% Other* 1.75%
<p>Moderate</p> <p>Invests in cash and fixed interest, with about a third of investments being in growth assets such as shares and real assets. May be suitable for investors who want to invest in a broad mix of volatility in returns than can be expected from the Conservative fund.</p>	 <ul style="list-style-type: none"> Defensive 65% Cash 24% NZ fixed interest 13% International fixed interest 28% Growth 35% Australasian equities 7% International equities 16% Listed property 2% Unlisted property 2% Commodities 1% Other** 7%
<p>Balanced</p> <p>Invests in a wide range of assets. May be suitable for investors who want a diversified investment with exposure to shares, real assets, alternative assets, fixed interest and cash, who are comfortable with a higher degree of volatility in returns than can be expected from the Moderate fund and who can invest for the long term.</p>	 <ul style="list-style-type: none"> Defensive 45% Cash 10% NZ fixed interest 10% International fixed interest 25% Growth 55% Australasian equities 10% International equities 28.5% Listed property 3% Unlisted property 3% Commodities 1.5% Other** 9%
<p>Growth</p> <p>Invests mainly in growth assets such as shares, real assets and alternative assets with only a limited amount in cash and fixed interest. May be suitable for investors wanting to invest mostly in growth assets who are comfortable accepting more volatile returns than those expected from the Balanced fund with a view to achieving higher longer term returns.</p>	 <ul style="list-style-type: none"> Defensive 25% Cash 4% NZ fixed interest 5% International fixed interest 16% Growth 75% Australasian equities 12% International equities 44% Listed property 3.5% Unlisted property 3.5% Commodities 2% Other** 10%
<p>High Growth</p> <p>Invests almost entirely in growth assets such as shares, real assets and alternative assets, with only a small amount invested in cash and fixed interest. May be suitable for investors wanting to invest predominately in growth assets, who want higher long term returns and are comfortable with high volatility in returns.</p>	 <ul style="list-style-type: none"> Defensive 10% Cash 2% NZ fixed interest 2% International fixed interest 6% Growth 90% Australasian equities 18% International equities 53% Listed property 3.5% Unlisted property 3.5% Commodities 2% Other** 10%
<p>Shares</p> <p>Invests almost entirely in the share market. May be suitable for investors seeking exposure mostly to shares and who are comfortable with a high level of volatility in returns.</p>	 <ul style="list-style-type: none"> Growth 100% Australasian equities 26% International equities 74%

We regularly review our statement of investment policies and objectives, also known as the SIPO. Which is available on www.companiesoffice.govt.nz/disclose. Mercer, in consultation with the supervisor and the Chief of Defence Force, 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. The Chief of Defence Force may request Mercer to review the SIPO at any time on 20 business days' written notice provided that not more than one notice may be given in any calendar year. Any changes to the SIPO will be advised in the Scheme's annual report, but will not otherwise be separately notified to investors.

*Listed Infrastructure and Unlisted Infrastructure
 **Listed Infrastructure, Unlisted Infrastructure and Alternatives.

Risk indicator	Note	Minimum recommended investment
	*	No minimum recommended timeframe
	*	Minimum 3 years
	*	Minimum 5 years
	*	Minimum 7 years
	*	Minimum 8 years
	*	Minimum 10 years
	*	Minimum 10 years

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

*Note: A combination of actual fund returns and market index returns have been used to determine the risk indicators as these funds do not have 5 years of actual returns. The risk indicators may therefore provide a less reliable indicator of the potential future volatility of the fund. For the five year period ending 30 September 2017, market index returns have been used up until 31 December 2015 for the Cash fund and 30 November 2015 for the Conservative and Moderate funds. For the Balanced, Growth, High Growth and Shares funds market index returns have been used up to 31 October 2015. As full month actual returns were available after these dates, actual returns were used for the remaining periods to 30 September 2017.

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.

Lower risk							Higher risk
1	2	3	4	5	6	7	
Potentially lower return							Potentially higher return

See Section 3 (Description of your investment option(s)) for the risk indicators which have been calculated for the New Zealand Defence Force KiwiSaver Scheme funds.

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, you can seek financial advice 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 2017. 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 fund's value to move up and 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.

Mercer is 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

More information about risks, including active management risk (as a specific risk), can be found in the document headed "Other Material Information - Risks", available at www.companiesoffice.govt.nz/disclose (search under "Offers" for New Zealand Defence Force KiwiSaver Scheme).

SECTION 5

WHAT ARE THE FEES?

You will be charged fees for investing in the New Zealand Defence Force KiwiSaver Scheme. 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.

Fund	Manager's basic fee (% Per Annum)	Other management and administration charges (Estimated % Per Annum)		Total annual fund charges (Estimated % Per Annum)	Other charges (Dollar based Administration Fee Per Annum)
		Other Expenses (Estimated % Per Annum)	External Manager Performance Fees (Estimated % Per Annum)		
Cash	0.32%	0.25%	n/a	0.57%	\$30*
Conservative	0.50%	0.26%	0.02%	0.78%	
Moderate	0.59%	0.27%	0.04%	0.90%	
Balanced	0.68%	0.27%	0.06%	1.01%	
Growth	0.77%	0.28%	0.07%	1.12%	
High Growth	0.82%	0.27%	0.07%	1.16%	
Shares	0.90%	0.26%	n/a	1.16%	

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 where Mercer invests into other funds, such as indirect costs charged by external investment trusts or managers of underlying funds. As these can change year on year, estimates have been used based on the total amount of such costs recovered for the previous financial year to 31 March 2017.

Mercer, the supervisor and the NZDF 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 of non-related underlying funds have been estimated based on the average annual performance fees for similar funds for the five years to 31 March 2017. The fees incurred will depend on the managers selected and their performance. These managers can vary from time to time. Actual fees will fluctuate from these estimates as past performance is not indicative of future performance.

The other charges cover fees that relate to the administration of your account, referred to as administration fees. They are charged by Mercer and are payable monthly from your account balance.

There are currently no contribution, establishment, termination or withdrawal fees charged to you and you are not currently charged any other fees on an individual basis for investor-specific decisions or actions. If fees on an individual action basis are introduced further information will be published at www.nzdf.superfacts.co.nz.

*The administration fee is a set charge on a monthly basis of \$2.50 per investor and does not vary if an investment is made in more than one fund.

SECTION 6 WHAT TAXES WILL YOU PAY?

Example of how fees apply to an investor

CPL Smith invests \$10,000 in the Balanced fund of the New Zealand Defence Force KiwiSaver Scheme. She is not charged an establishment fee or a contribution fee, because there are currently none.

This means that the starting value of her investment is \$10,000.

She is charged management and administration fees, which work out to about \$101 (1.01% of \$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Over the next year, CPL Smith pays other charges of \$30.

Estimated total fees for the first year

Individual action fees	\$0
Fund charges	\$101
Other charges	\$30

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 Balanced fund of the New Zealand Defence Force KiwiSaver Scheme. 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. The fees charged to all investors must be reasonable.

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.nzdf.superfacts.co.nz.

New Zealand Defence Force KiwiSaver Scheme is a portfolio investment entity. The amount of tax you pay is based on your Prescribed Investor Rate (PIR). To determine your PIR, go to 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. It is your responsibility to tell Mercer your PIR when you invest or if your PIR changes. If you do not tell Mercer, a default rate may be applied. If the advised PIR is lower than the correct rate, 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. Mercer and its directors can be contacted at the following address:

Mercer (N.Z.) Limited
151 Queen Street, Auckland 1010
Telephone: 0800 333 787

Who else is involved?

	Name	Role
Supervisor	Trustees Executors Limited	Supervisor of the Scheme under the Financial Markets Conduct Act 2013, responsible for supervising Mercer as manager of the Scheme.
New Zealand Defence Force	Chief of Defence Force	The Chief of Defence Force has various consultation, approval and other rights in relation to 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

In the first instance, 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: 0800 333 787
Email: NZ.Privacy@mercer.com

If Mercer 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 Services Manager –
Governance & Investor Oversight
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 have made a complaint to Mercer and the complaint cannot be resolved, then you may refer it to the IFSO subject to certain conditions being met.

Office of IFSO Scheme
Level 8, Shamrock House
79-81 Molesworth Street, Wellington
PO Box 10-845, Wellington 6143
Telephone: 04 499 7612 or 0800 808 202
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
PO Box 5967, Lambton Quay.
Wellington 6011
Telephone: 0800 347 257
Facsimile: 04 472 3728
Email: complaints@fscl.org.nz

The 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.

Note that different procedures apply when making a complaint to the IFSO and FSCL. Full details can be obtained at their respective websites.

SECTION 9 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to the New Zealand Defence Force KiwiSaver Scheme and membership of the Scheme, including financial statements, is available on the offer register and the scheme register which can be found at www.companiesoffice.govt.nz/disclose. A copy of the information on the offer register and the scheme register is available on request to the Registrar of Financial Service Providers.

There is a PIE Tax Statement that will be provided to you each year you are an investor in the New Zealand Defence Force KiwiSaver Scheme. This will include the amount of PIE income attributed to you and the amount of PIE tax paid or refunded at your PIR. You will also be asked to confirm your IRD number and PIR.

Fund updates and other information is available at www.nzdf.superfacts.co.nz or on request to Mercer in writing or by telephone. You can call us on 0800 333 787.

All the information can be obtained from Mercer without charge.

Information on the New Zealand Defence Force KiwiSaver Scheme can also be found on the Force Financial Hub, which includes the NZDF savings schemes and a range of other products, benefits and tools aimed at enhancing the financial wellbeing of the Defence Community.

SECTION 10 HOW TO APPLY

Apply online

It will take you 2–5 minutes to complete the online form at www.nzdf.superfacts.co.nz.

What you're going to need

1. Your IRD number
2. NZDF Service number (if applicable)
3. Your driver's licence number (for verification of your identity)
4. An email address
5. Your full legal name
6. Your residential address

Complete the paper application form

The application form to join the New Zealand Defence Force KiwiSaver Scheme is included with this Product Disclosure Statement. Complete the form and post it back to Mercer. No stamp is required.

New Zealand Defence Force KiwiSaver Scheme
Freepost Authority Number 3629
PO Box 1849, Wellington 6140

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NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME APPLICATION FORM

DK17

If you need help completing this form please call us on 0800 333 787

Please print in black or blue pen, in uppercase, one character per box and all that apply.

STEP 1 - COMPLETE YOUR PERSONAL DETAILS

Title: Mr Mrs Ms Miss Other

Date of birth / /

First name Middle name(s)

Surname

Gender Male Female

Residential address

NUMBER STREET NAME

SUBURB

CITY POSTCODE

Mailing address (if different from residential address)

NUMBER STREET NAME

SUBURB

CITY POSTCODE

Telephone

Mobile

Evening

Daytime

Email

STEP 2 - YOUR TAX DETAILS



If you are a New Zealand Defence Force (NZDF) member we can complete your IRD number for you. If you are not a NZDF member please provide your IRD number below.

Prescribed Investor Rate (PIR)

Tick one only: 10.5% 17.5% 28%

IRD number - -

If you do not elect a PIR, your investment income will be taxed at 28%.

To work out your PIR, please visit www.ird.govt.nz.

STEP 3 - CONTRIBUTIONS AND TRANSFERS

Tick here if you are a member of the Defence Force Superannuation Scheme and would like to transfer your savings to this KiwiSaver account.

If you are transferring from another KiwiSaver scheme, you don't need to tell us who your current provider is. We'll check these details with Inland Revenue.

If you're employed, contributions will be deducted automatically. If you are not employed (self-employed, unemployed, under 18 and not working, retired etc) you can make lump sum or regular contributions into your KiwiSaver account at any time.

Lump sum contributions can be paid directly into this scheme via online banking. If you would like to set up regular contributions please complete the attached Direct Debit Form.

STEP 4 - YOUR FUND



You can choose one or more of the investment funds available and enter the percentage of your savings you want invested in each fund. If you do not choose a fund, your savings will be invested in the Balanced fund.

Total must add up to 100%

Cash	<input type="text"/>	%
Conservative	<input type="text"/>	%
Moderate	<input type="text"/>	%
Balanced	<input type="text"/>	%
Growth	<input type="text"/>	%
High Growth	<input type="text"/>	%
Shares	<input type="text"/>	%
TOTAL EQUALS 100%		

STEP 5 - CONFIRM YOUR IDENTITY

Are you a NZDF member?

YES - Please provide your NZDF service number (please go straight to Step 6)

NO - Please provide the information requested at **A** and **B** on following page.

Continued over

 Copies of your documents can be certified by: Justice of the Peace, Solicitor or Notary Public. The Confirmation of Identity Guide is available on www.nzdf.superfacts.co.nz to help complete this step. When confirming your identity please provide photocopies of the appropriate pages containing name, date of birth, photograph and signature.

 **To the certifier:** The certifier must view the original document(s) (not a fax, photocopy or scan) before writing their Full Name, Occupation, Date and Signature and make a statement to the effect that the document(s) provided are a true copy and represent the identity of the named individual. Certification is valid for 3 months.

PROVIDE A CERTIFIED PHOTOCOPY OF CURRENT AND VALID DOCUMENTS

A Confirm your identity by providing:

OPTION 1 – A certified photocopy of ONE of:

- A NZ / overseas passport A NZ firearms licence An overseas government national identity card

OR OPTION 2 – A certified photocopy of ONE of: **+** ONE of:

- A NZ / international driver's licence A NZ / overseas birth certificate
 An 18+ card A NZ / overseas citizenship certificate

OR OPTION 3: A certified photocopy of:

- A New Zealand driver's licence **+** A SuperGold card or Community Services card

B Confirm your residential address by providing a recent copy of ONE of the following:

- Bank statement Utility bill Inland Revenue statement

STEP 6 – SIGN THE DECLARATION

By signing this form I:

- apply to become a member of the New Zealand Defence Force KiwiSaver Scheme (the 'Scheme')
- acknowledge that I have received a copy of the Product Disclosure Statement which contains information about establishing an account in the Scheme
- confirm that I am a member of the Defence Community
- agree to be bound by the provisions of the governing documents of the Scheme
- acknowledge that I am present and live (or normally live) in New Zealand, and that I am a New Zealand citizen or entitled to live in New Zealand indefinitely
- authorise the use and disclosure of any personal information relating to me as may be necessary for the purposes of the Scheme
- acknowledge that NZDF, the supervisor and the manager may request information from me and that where information requested is not supplied or is incorrect, they have the power to make appropriate adjustments
- understand that the choices I have indicated on this form will remain in force until I advise the Manager otherwise, with the effective date of change being as advised to the Manager
- authorise the Manager of the Scheme to contact my previous superannuation plan and/or KiwiSaver provider to arrange for the transfer of funds as specified in this application, and to pay these funds directly into my account in the Scheme

- give my express consent to the receipt of both electronic messages and commercial electronic messages (as defined in the Unsolicited Electronic Messages Act 2007), which messages may also include a World Wide Web uniform resource locator, until such time as I advise the Manager, via the functional unsubscribe facility, to cease sending such messages.

Privacy Authorisation

By signing this form I agree that:

- NZDF may provide information, including my IRD number, service number, name and address details to the Manager and the Manager may use this information to facilitate my membership of the Scheme and to identify me when administering my account.
- NZDF, the Supervisor and the Manager may share, use and obtain information about me and allow third parties, including financial advisers and any parent/guardian, to have access to my personal information to the extent reasonably necessary to meet their respective legal obligations, administer my account, provide financial advice or promote to me other products or financial services that may be of interest.

I have the right to access and request correction of personal information held about me.

By signing this form I consent to the handling and storage of my personal information. If I do not provide this information, the Manager and NZDF may not be able to open my account and/or provide selected investment choices.

Signature of applicant (if 16 years or older)

Date / /

Applicants under 18 years of age or where power of attorney exists

Please complete and sign the following declaration if the application is being made:

- 1) for someone under the age of 18
- a) if the applicant is aged 16 or 17, the form must be signed by the applicant and one parent/legal guardian
 - b) if the applicant is aged under 16, the form must be signed by both parents / all legal guardians

- 2) by an individual who holds Power of Attorney

I confirm that I have a current and valid Power of Attorney in respect of the applicant (or in the case of an applicant under the age of 18) that I am a parent/legal guardian of the applicant and authorised to sign on the applicant's behalf and I confirm that I have read and accepted the information contained in Step 6 above on behalf of the applicant named in Step 1 of this form.

Each parent(s)/legal guardian(s) must attach documents that confirm their identity. Please see Step 5 for details of what you must provide.

FULL NAME	
RELATIONSHIP TO APPLICANT	DATE OF BIRTH
TELEPHONE	/ /
SIGNATURE	DATE
<input checked="" type="checkbox"/>	/ /

FULL NAME	
RELATIONSHIP TO APPLICANT	DATE OF BIRTH
TELEPHONE	/ /
SIGNATURE	DATE
<input checked="" type="checkbox"/>	/ /

 **Please send your completed application to:** New Zealand Defence Force KiwiSaver Scheme, PO Box 1849, Wellington 6140.

CONDITIONS OF THIS AUTHORITY TO ACCEPT DIRECT DEBITS

1. The Initiator:

- a. Undertakes to give notice to the Acceptor of the commencement date, frequency and net amount **at least 10 calendar days before** the first Direct Debit is drawn (but no more than 2 calendar months). This notice will be provided either:
 - i. in writing; or
 - ii. by electronic means where I/We have provided prior written consent to the Initiator (including by electronic means including SMS to communicate electronically).

Where the Direct Debit system is used for the collection of payments which are regular as to frequency, but variable as to amounts. The Initiator undertakes to provide me/us with a schedule detailing each payment amount and each payment date.

In the event of any subsequent change to the frequency or amount of the Direct Debit, the Initiator has agreed to give advance notice of **at least 30 days** before the change comes into effect. This notice must be provided either:

- i. in writing; or
 - ii. by electronic means where I/We have provided prior written consent to the Initiator (including by electronic means including SMS to communicate electronically).
- b. May, upon the relationship which gave rise to this Authority being terminated, give notice to the Bank that no further Direct Debits are to be initiated under the Authority. Upon receipt of such notice the Bank may terminate this Authority as to future payments by notice in writing to me/us.
 - c. May, upon receiving written notice (dated after the date of this Authority) from a bank to which I/we have transferred my/our account, initiate Direct Debits in reliance of that written notice and this Authority from the account identified in the written notice.

2. The Customer may:

- a. At any time, terminate this Authority as to future payments by giving written notice of termination to the Bank and to the Initiator.
- b. Stop payment of any Direct Debit to be initiated under this Authority by the Initiator by giving written notice to the Bank prior to the Direct Debit being paid by the Bank
- c. Where a variation to the amount agreed between the Initiator and the Customer from time to time to be direct debited has been made without notice being given in terms of clause 1(a) above, request the Bank to reverse or alter any such Direct Debit initiated by the Initiator by debiting the amount of the reversal or alteration of the Direct Debit back to the Initiator through the Initiator's Bank, PROVIDED such request is made not more than 120 days from the date when the Direct Debit was debited to my/our account.

3. The Customer acknowledges that:

- a. This Authority will remain in full force and effect in respect of all Direct Debits passed to my/our account in good faith notwithstanding my/our death, bankruptcy or other revocation of this Authority until actual notice of such event is received by the Bank.
- b. In any event this Authority is subject to any arrangement now or hereafter existing between me/us and the Bank in relation to my/our account.
- c. Any dispute as to the correctness or validity of an amount debited to my/our account shall not be the concern of the Bank except in so far as the Direct Debit has not been paid in accordance with this Authority. Any other disputes lie between me/us and the Initiator.
- d. Where the Bank has used reasonable care and skill in acting in accordance with this Authority, the Bank accepts no responsibility or liability in respect of:
 - the accuracy of information about Direct Debits on Bank statements,
 - any variations between notices given by the Initiator and the amounts of Direct Debits.
- e. The Bank is not responsible for, or under any liability in respect of the Initiator's failure to give written advance notice correctly, nor for the non-receipt or late receipt of notice by me/us for any reason whatsoever. In any such situation the dispute lies between me/us and the Initiator.
- f. Notice given by the Initiator in terms of clause 1(a) to the debtor responsible for the payment shall be effective. Any communication necessary because the debtor responsible for payment is a person other than me/us is a matter between me/us and the debtor concerned.

4. The Bank may:

- a. In its absolute discretion conclusively determine the order of priority of payment by it of any monies pursuant to this or any other authority, cheque or draft properly executed by me/us and given to or drawn on the Bank.
- b. At any time terminate this Authority as to future payments by notice in writing to me/us.
- c. Charge its current fees for this service in force from time to time.

For further information

Visit: **www.nzdf.superfacts.co.nz**

Telephone: 0800 333 787