Fund update

Responsible Conservative fund

Mercer KiwiSaver scheme

Quarter ending 30 June 2026

This fund update was first made publicly available on: 29 July 2026.

What is the purpose of this update?

This document tells you how the Responsible 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.

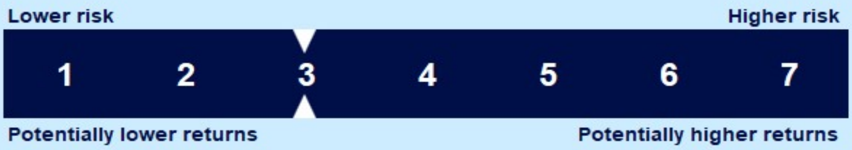
Description of this fund

Invests mostly in defensive assets such as fixed interest, with only limited investment in growth assets such as shares. May be suitable for investors who want to achieve slightly higher returns than those expected from investing solely in the Cash fund. Investors need to be comfortable with the possibility of some fluctuations in returns. This fund is managed with reference to environmental, social and governance (ESG) factors and is certified by the Responsible Investment Association of Australasia.

Total value of the fund	$798,831,456
Number of members in the fund	20,868
The date the fund started	1 October 2007

What are the risks of investing?

Risk indicator for the Responsible 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.riskquiz.co.nz**.

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.

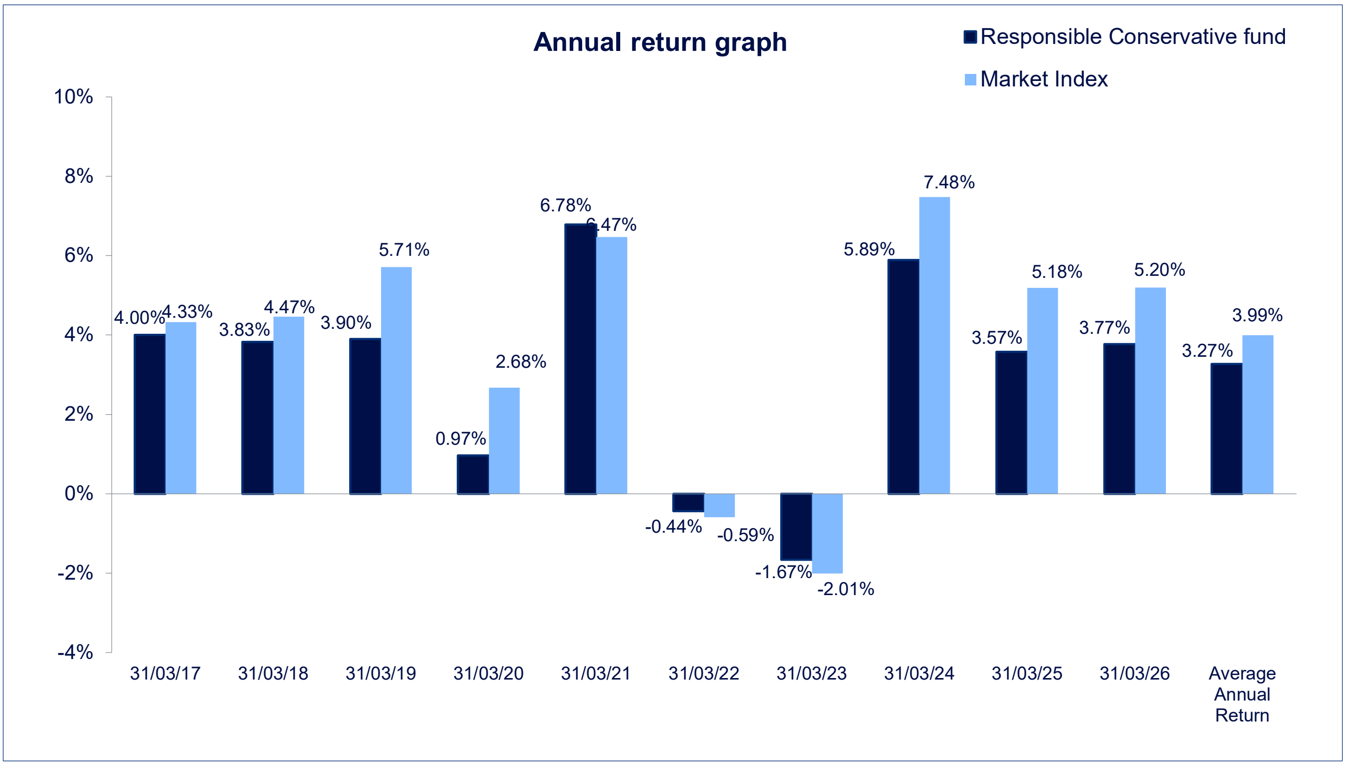
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 5 years to 30 June 2026. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

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 *(after deductions for charges and tax)*	2.54%	5.50%
Annual return *(after deductions for charges but before tax)*	2.94%	6.45%
Market index annual return *(reflects no deductions for charges and tax)*	3.32%	6.54%

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 30 June 2026.[1]

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 Responsible Conservative fund are charged fund charges. In the year to 31 March 2026 these were:

	% of net asset value
Total fund charges [2]	0.49%
Which are made up of:	
Total management and administration charges	0.49%
Including:	
Manager's basic fee	0.42%
Other management and administration charges	0.07%
Total performance-based fees	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 Mercer KiwiSaver scheme PDS for more information about Scheme fees.

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

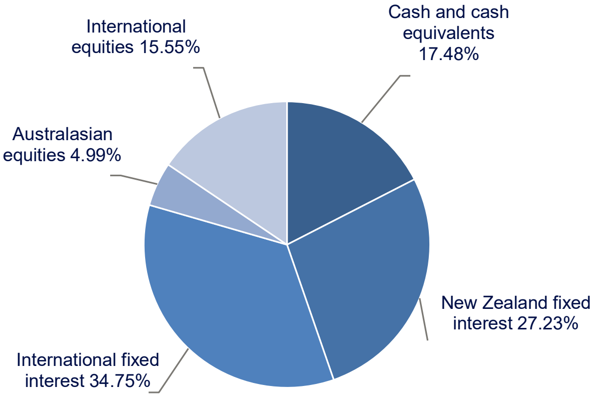
Example of how this applies to an investor

Ben had $10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Ben received a return after fund charges were deducted of $550.00 (that is 5.50% of his initial $10,000). Ben also paid $0.00 in other charges. This gives Ben a total return after tax of $550.00 for the year.

What does the fund invest in?

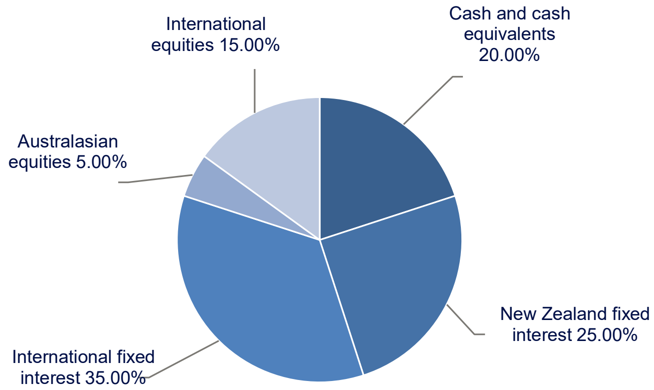
Actual investment mix

This shows the types of assets that the fund invests in.[3]



Target investment mix

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



Top 10 Investments [4]

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	iShares Mortgage Backed Bond ETF	4.09%	International fixed interest	United States	NA
2	New Zealand Government Bond 0.25%15/05/2028	3.86%	New Zealand fixed interest	New Zealand	AAA
3	New Zealand Government Bond 3.0% 20/04/2029	3.82%	New Zealand fixed interest	New Zealand	AAA
4	New Zealand Government Bond 3.50% 14/04/2033	2.58%	New Zealand fixed interest	New Zealand	AAA
5	New Zealand Government Bond 4.25% 15/05/2034	2.10%	New Zealand fixed interest	New Zealand	AAA
6	New Zealand Government Bond 1.50% 15/05/2031	2.09%	New Zealand fixed interest	New Zealand	AAA
7	New Zealand Government Bond 4.50% 15/05/2030	1.98%	New Zealand fixed interest	New Zealand	AAA
8	New Zealand Government Bond 1.75% 15/05/2041	1.83%	New Zealand fixed interest	New Zealand	AAA
9	New Zealand Government Bond 2.00% 15/05/2032	1.78%	New Zealand fixed interest	New Zealand	AAA
10	New Zealand Government Bond 2.75% 15/04/2037	1.60%	New Zealand fixed interest	New Zealand	AAA

The top 10 investments make up 25.73% 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 asset classes (Global Fixed Interest) 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.disclose-register.companiesoffice.govt.nz.

Hedging coverage, on a net of tax basis, for the Fund's exposure to foreign currency as at 30 June 2026 was 84.45%.

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	Chair - Mercer (N.Z.) Ltd	3 years 2 months	Director - Mercer Investments (Australia) Limited	10 years 4 months
Anna Scott	CEO - Mercer (N.Z.) Ltd	0 years 9 months	CEO - Smart (Smartshares Ltd)	2 years 1 month
Kylie Willment	Chief Investment Officer, Pacific, Mercer Australia (Pty) Ltd	8 years 8 months	Senior Manager, Investment & Client Strategy - TCorp (NSW Treasury Corporation)	17 years 0 months
Del Hart	Chief Investment Officer, Mercer (N.Z.) Ltd	0 years 4 months	Head of External Investments and Partnerships - NZ Super Fund	15 years 0 months
Robert Kavanagh	Head of Portfolio Management NZ - Mercer (N.Z.) Ltd	12 years 3 months	Vice President - Account Management, PIMCO Australia Pty Limited	7 years 0 months

Further information

You can also obtain this information, the PDS for the Mercer KiwiSaver scheme and some additional information from the offer register at **www.disclose-register.companiesoffice.govt.nz.**

Notes

1. Returns for the year to 31 March 2024 are based on a unit price at 28 March 2024.

2. GST may be included in some expenses. GST will be included in fees where applicable.

3. For the reporting of the types of assets under Actual investment mix, cash retained for liquidity management at a sector level is assigned to the asset class to which it relates to.

4. The Top 10 investments have been calculated excluding cash retained for liquidity purposes.

Got any questions?

Visit our website **www.mercerfinancialservices.co.nz** or call our Helpline on **61 3 8306 0971** (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.