

MERCER



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Measurement of Value Added through Mercer's Manager Research Recommendations

Mercer's investment consulting group has developed and implemented a methodology for measuring the value added through their manager research recommendations. An explanation of this methodology, and the results of the analysis covering the period to **31 December 2009**, are presented below.

Measurement methodology

For each investment product that we research, we arrive at a rating on a six tier scale in which the possible ratings are A, A-, B+, B, B- and C. When we formulate short lists of candidates for clients to consider in manager searches, these are generally drawn from the list of products rated A and A- within the relevant product category. We first started maintaining formal ratings on this basis in 1995, replacing less formal methods in place before then, and have extended this to cover all product categories that we actively research over the period since.

Our methodology for measuring the performance of our ratings entails calculating the average performance of the strategies that we rated A and A- within each product category each quarter, based on the ratings as they stood at the end of the previous quarter. Therefore there is no element of hindsight in the analysis. We then compound these quarterly results together to calculate performance over longer periods. Finally, we subtract the return for an appropriate and widely accepted benchmark index for the product category concerned to calculate value added. We also calculate a risk-adjusted measure of the value added called the information ratio.

In essence, this methodology tracks the performance of a hypothetical Mercer client that is assumed to split its money evenly between all of the strategies rated A or A- by Mercer within the product category concerned. This hypothetical Mercer client is assumed to have reviewed its manager line-up at the end of each quarter, based on the Mercer ratings as they stood at that point in time. A typical client would not invest in all strategies in all of the categories, as some may not be relevant to a client for a variety of reasons. Therefore the actual added value of strategies selected by a client would vary from the results depicted here. The average added value for each product category is described in the attachments.

Three types of strategy are excluded from the analysis. Firstly, we exclude strategies that are sub-advised by other investment managers, to avoid double-counting. Secondly, where a manager offers two variants of what is essentially just one strategy, we only include one of these in the analysis (the one with the longer track record), once again to avoid double counting. Thirdly, if a strategy's track record relates to a non-standard benchmark index that is materially different than the benchmark index used in the analysis for the product category concerned, it will be excluded from the analysis to avoid distortions that could arise solely as a result of the non-standard benchmark index.

For some product categories where the use of custom benchmarks is prevalent there is no single widely accepted benchmark index that can be used as a basis for this analysis. We have used a slightly different methodology for these categories. In these cases we have carried out the analysis by firstly calculating value added separately each quarter for each track record relative to its custom benchmark, then calculating the average of these value added numbers each quarter, and then compounding the quarterly value added numbers together to calculate value added over longer periods.

We have carried out these calculations for all of the product categories that we both maintain ratings for and for which we have reliable investment performance data (currently 71 categories), going back in each case to when we first started maintaining ratings for the product category concerned.

Some important caveats

All of the added value figures have been calculated by Mercer, but are based upon performance data provided to Mercer by the investment managers concerned. Mercer generally does not independently verify the performance information provided by investment managers.

The methodology described above does not allow for the transaction costs that an investor would have incurred if it had actually changed its panel of investment managers every quarter in line with changes to the list of products rated A or A- by Mercer within the product category concerned. In practice, the turnover of managers incurred by such an investor would have averaged out at about 16% per annum (the actual averages since inception for each product category are shown in the final section of the results). We have not attempted to estimate the transaction costs that would actually have been incurred as this would require assumptions about a number of factors, including the investor's cash flow position and how well the changes had been implemented.

All investment performance data used to create this analysis was reported gross of investment management fees and certain other expenses, such as custody and administration. All of the value added figures likewise are quoted before deduction of these fees. The figures are however net of all transaction costs that the managers concerned have incurred within their investment portfolios.

As described above, the results of the analysis are based on performance data provided to Mercer by the investment managers concerned and other sources. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of information presented, and no responsibility or liability, including for consequential or incidental damages, can be accepted for any error, omission or inaccuracy in this information.

In cases where investment managers submit their historical performance data to Mercer or notify Mercer of a revision to their historical performance data subsequent to the publication of Mercer's analysis, this new information will be reflected in subsequent updates of the analysis published by Mercer, but Mercer will not reissue previous analyses to allow for the change to the historical data.

We have endeavoured to obtain performance data for all investment products that have ever been rated A or A- by Mercer for inclusion in the analysis, but in some cases this has not been possible. Where data could not be obtained, we had no option but to exclude the product from the analysis. We will continue to endeavour to obtain this missing data for future updates of the analysis. This may result in some changes to the historic figures in future updates of the results.

As always, past performance cannot be relied upon as a guide to future performance. Whilst Mercer commits considerable resources to manager research, in an effort to maximise the value added through our manager research recommendations, we do not provide any guarantees as to the future performance of the investment strategies that we recommend to our clients.

Results

The results of the analysis are set out in the following pages. The first table shows the results for each product category since inception. The subsequent tables show more detailed background information.

March 2010

Summary of value added through Mercer's Manager Research recommendations

As at 31 December 2009

Product Category	Benchmark Index (Base Currency for calculations)	Inception date of measurement period	Value added since inception(a) (% pa)	Information ratio since inception(b)
Australian Equity	As nominated by the manager: either S&P/ASX 300 or S&P/ASX 200 Accum. Index (AUD)	1 July 1995	1.6	0.9
Australian Small Companies	S&P/ASX Small Ordinaries (AUD)	1 January 1997	8.7	1.2
Australian Fixed Interest	UBS WA Composite Bond (AUD)	1 July 1995	0.2	0.2
Australian Short Duration High Income	UBS Bank Bill (AUS)	1 October 2003	1.1	0.2
Australian Listed Property	S&P/ASX 300 Property Trusts (AUD)	1 October 1998	0.9	0.3
Australian Balanced**	As nominated by the manager (AUD)	1 July 1995	**	**
Average for Australia			2.5	0.6
New Zealand Equity	NZSE50 Gross, NZSE40 prior to 1 Oct 2003 (NZD)	1 January 1996	3.2	1.0
Trans-Tasman Equity	NZSE50 Gross, NZSE40 prior to 1 Oct 2003 (NZD)	1 January 1999	5.2	1.0
New Zealand Fixed	NZX NZGS (NZD)	1 January 1996	0.6	0.6
Average for New Zealand			3.0	0.9
Asia ex Japan Equity	MSCI AC Far East Free ex Japan (USD)	1 July 1997	1.9	0.3
Hong Kong Balanced**	As nominated by the manager (HKD)	1 January 2003	**	**
Hong Kong Equity**	Hang Seng (HKD)	1 January 2003	**	**
Pacific ex Japan Equity	MSCI AC Pacific Free ex Japan (USD)	1 January 1996	3.3	0.8
Japan Equity	TOPIX (JPY)	1 April 1996	2.6	0.6
Japan Small Cap Equity	Russell/Nomura Small Cap (JPY)	1 October 2003	0.7	0.1
Pacific inc Japan Equity	MSCI AC Pacific Free (USD)	1 January 1999	1.4	0.5
Singapore Equity**	Straits Times (SGD)	1 January 2002	**	**
Average for Other Asia/Pacific			2.0	0.5
Overall average for Asia/Pacific			2.4	0.6
UK Equity	FTSE All Share (GBP)	1 October 1995	0.4	0.3
Mixed UK/Non-UK Equity	60 FTSE All Share/40 FTSE World ex UK (GBP)	1 April 2001	0.8	0.3
UK Small Cap Equity	FTSE Small Cap (GBP)	1 April 2004	3.6	0.5
UK Property	IPD UK Balanced Fund	1 July 2004	0.1	0.1
UK Balanced**	CAPS Pooled Median (GBP)	1 October 1995	**	**
UK Inflation-Linked Bonds	FTA ILG All Stocks, CAPS prior to 1999 (GBP)	1 April 1996	0.4	0.5
UK Government Bonds	FTA All Stocks, CAPS prior to 1999 (GBP)	1 October 1995	0.3	0.6
UK Non-Government Bonds	iBoxx Non-Gilts Overall (GBP)	1 July 2001	0.4	0.4
UK Aggregate Bonds	50 FTA All Stock/50 iBoxx Non Gilts Overall (GBP)	1 April 2004	0.3	0.2
Average for UK			0.8	0.4
Eurozone Equity	MSCI EMU (EUR)	1 July 2004	1.0	0.5
Europe ex UK Equity	FTSE World Europe ex UK (GBP)	1 October 1995	0.7	0.3
Europe inc UK Equity	FTSE World Europe (USD)	1 October 1995	0.6	0.2
Europe inc UK Small Cap Equity	S&P Europe Small Cap (USD)	1 April 2003	-0.2	0.0
Eurozone Aggregate Bonds	Barclays Capital Euro-Aggregate (EUR)	1 October 2002	0.1	0.1
Eurozone Government Bonds	Citigroup EMU Government Bond (EUR)	1 July 2004	-1.9	-0.7
Eurozone Non-Government Bonds	Citigroup Euro BIGex EMU Gov (EUR)	1 July 2004	-0.8	-0.1
Average for European regional			-0.1	0.0
Overall average for Europe			0.4	0.2

* Information ratios are shown for only those product categories that have track records at least three years running.

**Category is no longer formally rated or measured.

Summary of value added through Mercer's Manager Research recommendations

As at 31 December (continued)

Product Category	Benchmark Index (Base Currency for calculations)	Inception date of measurement period	Value added since inception(a) (% pa)	Information ratio since inception(b)
US Equity, Large Cap Core	Russell 1000 (USD)	1 January 1996	0.5	0.4
US Equity, Large Cap Growth	Russell 1000 Growth (USD)	1 January 1996	0.6	0.2
US Equity, Large Cap Value	Russell 1000 Value (USD)	1 January 1996	-0.3	-0.1
US Equity, Mid Cap Core	Russell Midcap (USD)	1 January 1996	0.8	0.2
US Equity, Mid Cap Growth	Russell Midcap Growth (USD)	1 January 1996	1.8	0.3
US Equity, Mid Cap Value	Russell Midcap Value (USD)	1 January 1996	-0.2	0.0
US Equity, SMID Core	Russell 2500 (USD)	1 July 2000	5.4	0.9
US Equity, SMID Growth	Russell 2500 Growth (USD)	1 July 2000	2.0	0.5
US Equity, SMID Value	Russell 2500 Value (USD)	1 July 2000	-2.0	-0.3
US Equity, Small Cap Core	Russell 2000 (USD)	1 January 1996	2.3	0.5
US Equity, Small Cap Growth	Russell 2000 Growth (USD)	1 January 1996	1.4	0.4
US Equity, Small Cap Value	Russell 2000 Value (USD)	1 January 1996	1.7	0.4
Average for US Equity			1.2	0.3
US Real Estate, Open End	NCREIF Property (USD)	1 September 2004	-5.2	-1.0
US Real Estate Securities	FTSE NAREIT (USD)	1 September 2004	2.3	1.4
Average for US Other			-1.5	0.2
US Fixed, Core Investment Grade	Barclays Capital US Aggregate (USD)	1 January 1996	0.0	0.0
US Fixed, Core Opportunistic	Barclays Capital US Aggregate (USD)	1 January 1996	0.0	0.0
US Fixed, High Yield	BofA Merrill Lynch High Yield (USD)	1 January 1996	0.2	0.1
US Fixed, Short	BofA Merrill Lynch Govt/Corp 1-3 Years (USD)	1 January 1996	0.1	0.1
US Fixed, Intermediate	Barclays Capital US Intermediate Govt/Credit (USD)	1 January 1996	0.3	0.2
US Fixed, Long	Barclays Capital US Govt/Credit (USD)	1 January 1996	1.4	1.0
Average for US Fixed			0.3	0.2
Canadian Equity	S&P/TSX Composite (CAD)	1 July 2001	0.5	0.3
Canadian Small Cap	BMO Small Cap Blended (CAD)	1 January 2005	-2.0	-0.2
Canadian Balanced	As nominated by the manager (CAD)	1 July 2001	0.5	0.5
Canadian Domestic Balanced**	As nominated by the manager (CAD)	1 July 2001	**	**
Canadian Fixed	DEX Universe Bond (CAD)	1 July 2001	0.3	0.6
Canadian Corporate & Credit Focused	DEX Universe Corporate (CAD)	1 April 2005	-0.2	-0.1
Canada Fixed Income Core Plus	DEX Universe Bond (CAD)	1 January 2007	0.0	0.0
Average for Canada			-0.1	0.2
Overall average for North America			0.5	0.2
Active Currency	As nominated by the manager (USD)	1 July 1999	1.0	0.4
Global Equity - Core	MSCI World (USD)	1 July 1995	1.7	0.7
Global Equity - Growth	S&P Developed LargeMidCap Growth (USD)	1 January 1996	0.0	0.0
Global Equity - Value	S&P Developed LargeMidCap Value (USD)	1 July 1995	2.1	0.6
GTAA/Global Macro	As nominated by the manager (USD)	1 January 2001	4.9	0.7
World ex US Equity - Core	MSCI EAFE (USD)	1 January 1996	2.1	0.7
World ex US Equity - Growth	S&P Developed ex US Growth (USD)	1 January 1996	1.3	0.3
World ex US Equity - Value	S&P Developed ex US Value (USD)	1 January 1996	2.6	0.7
World ex US Small Cap	S&P Developed ex US Small Cap (USD)	1 January 1996	3.2	0.7
Emerging Markets Equity	MSCI Emerging Markets (USD)	1 January 1996	2.1	0.4
Global Real Estate Securities	FTSE NAREIT ERPA Global	1 July 2005	1.5	0.6
Emerging Markets Debt	JP Morgan EMBI+ (USD)	1 January 2002	2.6	1.0
Global Fixed Broad Market Aggregate	Barclays Capital Global Aggregate (USD)	1 July 2002	1.1	0.3
Global Fixed Sovereign	Citigroup WGBI (USD)	1 July 1995	1.2	0.7
Global Credit	Barclays Capital Global Aggregate Credit (USD)	1 July 2003	-0.6	-0.1
World ex US Fixed Income	Citigroup World ex US Unhedged GBI (USD)	1 January 1996	0.5	0.3
Global High Yield	BofA Merrill Lynch Global High Yield (USD)	1 January 2008	0.5	*
Average for Global/International			1.6	0.5
OVERALL AVERAGES(c)			1.1	0.4
All equity categories			1.7	0.4
All fixed income categories			0.3	0.2
All other categories			0.7	0.4

** Category is no longer formally rated or measured.

Value added for periods ended 31 December 2009

Product Category	3 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
	%	%	% pa	% pa	% pa	% pa	% pa	% pa	% pa	% pa	% pa
Australian Equity	0.3	3.2	2.2	1.5	1.0	0.9	1.0	1.0	1.2	1.2	1.6
Australian Small Companies	1.2	7.7	5.9	5.2	4.2	2.0	3.6	3.5	6.0	7.4	9.0
Australian Fixed Interest	0.5	2.6	0.1	-0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Australian Short Duration High Income	2.1	15.9	1.8	1.0	0.9	0.9	1.1				
Australian Listed Property	1.4	13.9	1.6	1.0	1.0	0.8	1.0	1.0	1.0	0.9	0.9
Australian Balanced**											
<i>Average for Australia</i>	<i>1.1</i>	<i>8.7</i>	<i>2.3</i>	<i>1.7</i>	<i>1.4</i>	<i>0.9</i>	<i>1.4</i>	<i>1.4</i>	<i>2.1</i>	<i>2.4</i>	<i>2.9</i>
New Zealand Equity	0.4	0.7	1.8	0.4	0.8	0.9	1.0	1.3	0.3	1.2	1.8
Trans-Tasman Equity	0.3	1.9	3.8	3.5	2.9	3.3	3.5	3.7	2.0	3.3	4.4
New Zealand Fixed	0.9	1.8	-0.2	0.1	0.4	0.4	0.5	0.4	0.4	0.4	0.5
<i>Average for New Zealand</i>	<i>0.5</i>	<i>1.5</i>	<i>1.8</i>	<i>1.3</i>	<i>1.4</i>	<i>1.5</i>	<i>1.6</i>	<i>1.8</i>	<i>0.9</i>	<i>1.7</i>	<i>2.2</i>
Asia ex Japan Equity	0.0	-1.9	-0.7	0.1	0.0	0.0	-0.5	-0.2	0.7	0.5	1.0
Hong Kong Balanced**											
Hong Kong Equity**											
Pacific ex Japan Equity	0.3	-1.7	1.5	2.4	2.6	2.1	2.1	2.3	2.3	2.1	4.0
Japan Equity	0.4	2.7	-0.5	-0.2	-0.1	0.7	0.5	0.4	0.6	0.3	0.1
Japan Small Cap Equity	0.8	5.9	-2.0	-1.3	-0.8	0.0	0.0				
Pacific inc Japan Equity	-2.0	-9.0	-1.2	0.4	0.3	0.8	0.9	0.6	0.8	0.7	0.7
Singapore Equity**											
<i>Average for Other Asia/Pacific</i>	<i>-0.1</i>	<i>-0.8</i>	<i>-0.6</i>	<i>0.3</i>	<i>0.4</i>	<i>0.7</i>	<i>0.6</i>	<i>0.8</i>	<i>1.1</i>	<i>0.9</i>	<i>1.4</i>
<i>Overall average for Asia/Pacific</i>	<i>0.5</i>	<i>3.4</i>	<i>1.1</i>	<i>1.1</i>	<i>1.0</i>	<i>1.0</i>	<i>1.1</i>	<i>1.3</i>	<i>1.4</i>	<i>1.7</i>	<i>2.2</i>
UK Equity	-0.9	0.7	-0.1	-0.9	-0.3	0.0	0.1	0.3	0.4	0.5	0.7
Mixed UK/Non-UK Equity	-0.2	-0.4	0.2	1.2	0.8	0.8	0.7	0.7	1.1		
UK Small Cap Equity	3.2	-11.3	3.5	3.2	3.1	2.6					
UK Property	-0.4	0.6	0.4	0.3	0.2	0.1					
UK Balanced**											
UK Inflation-Linked Bonds	0.0	0.3	0.5	0.2	0.1	0.2	0.3	0.3	0.3	0.3	0.2
UK Government Bonds	0.3	2.4	1.1	0.7	0.6	0.5	0.5	0.4	0.4	0.4	0.4
UK Non-Government Bonds	0.6	3.8	1.3	0.8	0.6	0.5	0.6	0.6	0.5		
UK Aggregate Bonds	0.2	3.2	0.6	0.3	0.3	0.3					
<i>Average for UK</i>	<i>0.4</i>	<i>-0.1</i>	<i>0.9</i>	<i>0.7</i>	<i>0.7</i>	<i>0.6</i>	<i>0.4</i>	<i>0.5</i>	<i>0.5</i>	<i>0.4</i>	<i>0.4</i>
Eurozone Equity	0.9	3.7	2.2	1.0	0.8	1.2					
Europe ex UK Equity	0.3	0.4	-0.4	-1.0	-0.5	0.3	0.2	-0.2	0.3	0.7	1.1
Europe inc UK Equity	-0.6	-0.6	0.0	-0.3	0.0	0.2	0.3	0.3	0.2	0.2	0.5
Europe inc UK Small Cap Equity	1.2	-1.9	-1.6	-0.8	-1.2	-0.7	-0.2				
Eurozone Aggregate Bonds	0.2	3.5	-0.7	-0.6	-0.3	-0.2	-0.1	0.0			
Eurozone Government Bonds	-0.4	-1.7	-5.0	-3.8	-2.7	-2.1					
Eurozone Non-Government Bonds	1.2	10.4	-1.8	-1.9	-1.3	-1.0					
<i>Average for European regional</i>	<i>0.4</i>	<i>1.9</i>	<i>-1.0</i>	<i>-1.1</i>	<i>-0.7</i>	<i>-0.3</i>	<i>0.1</i>	<i>0.0</i>	<i>0.3</i>	<i>0.5</i>	<i>0.8</i>
<i>Overall average for Europe</i>	<i>0.4</i>	<i>0.9</i>	<i>0.0</i>	<i>-0.1</i>	<i>0.0</i>	<i>0.2</i>	<i>0.3</i>	<i>0.3</i>	<i>0.5</i>	<i>0.4</i>	<i>0.6</i>

** Category is no longer formally rated or measured.

Value added for periods ended 31 December 2009 (continued)

Product Category	3 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
	%	%	% pa	% pa	% pa	% pa	% pa	% pa	% pa	% pa	% pa
US Equity, Large Cap Core	0.3	1.7	0.6	0.5	-0.1	0.2	0.3	0.5	0.3	0.3	
US Equity, Large Cap Growth	-0.1	4.9	-2.2	-0.3	-1.3	-0.5	0.0	-0.1	0.1	-0.4	
US Equity, Large Cap Value	0.6	5.5	-1.6	-1.9	-2.0	-1.6	-1.5	-1.2	-1.3	-0.5	
US Equity, Mid Cap Core	-1.1	-9.6	-2.0	-1.4	-1.9	-1.8	-2.0	-2.0	-1.7	-0.3	0.3
US Equity, Mid Cap Growth	-0.4	-3.2	1.3	2.8	2.6	2.1	1.5	0.7	0.3	0.6	2.3
US Equity, Mid Cap Value	0.1	6.0	1.9	0.9	0.2	-0.5	-0.9	-0.7	-1.5	-0.1	0.0
US Equity, SMID Core	0.4	-4.5	1.2	3.0	1.9	2.2	1.8	1.6	3.1	4.3	
US Equity, SMID Growth	0.4	-0.5	-0.4	0.5	0.6	1.2	1.0	0.7	2.0	1.5	
US Equity, SMID Value	0.0	1.6	-0.1	0.8	0.0	-0.2	-0.1	-0.3	-3.2	-1.6	
US Equity, Small Cap Core	1.0	3.3	1.6	1.8	0.9	0.9	0.9	0.6	1.5	1.9	2.9
US Equity, Small Cap Growth	0.9	2.6	-2.2	-1.0	-1.0	-0.3	-0.9	-1.2	-1.1	-1.0	1.0
US Equity, Small Cap Value	0.9	13.8	1.7	2.5	0.7	1.3	1.2	1.3	1.0	1.5	1.2
<i>Average for US Equity</i>	<i>0.2</i>	<i>1.8</i>	<i>0.0</i>	<i>0.7</i>	<i>0.0</i>	<i>0.2</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.5</i>	<i>1.3</i>
US Real Estate, Open End	-0.4	-16.6	-11.8	-8.6	-6.8	-5.5					
US Real Estate Securities	0.3	4.7	2.9	1.9	2.0	2.0					
<i>Average for US Other</i>	<i>0.0</i>	<i>-6.0</i>	<i>-4.5</i>	<i>-3.3</i>	<i>-2.4</i>	<i>-1.7</i>					
US Fixed, Core Investment Grade	0.8	7.4	-1.0	-0.9	-0.6	-0.4	-0.3	-0.1	-0.1	-0.1	-0.1
US Fixed, Core Opportunistic	1.3	11.3	-0.6	-0.7	-0.4	-0.2	0.1	0.4	0.1	0.0	0.0
US Fixed, High Yield	-0.2	-10.1	-0.6	0.0	-0.3	-0.1	-0.1	-0.7	-0.1	-0.1	0.0
US Fixed, Short	1.1	6.3	-0.5	-0.7	-0.4	-0.2	0.0	0.0	0.0	-0.1	0.0
US Fixed, Intermediate	0.7	7.0	0.4	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.2
US Fixed, Long	0.3	3.6	2.2	2.1	1.5	1.5	1.4	1.4	1.4	1.3	1.4
<i>Average for US Fixed</i>	<i>0.7</i>	<i>4.3</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>
Canadian Equity	0.3	-2.6	-1.0	-0.6	-0.7	-0.5	-0.3	-0.4	0.1		
Canadian Small Cap	-0.9	-30.5	-6.3	0.0	-1.3	-2.0					
Canadian Balanced	0.5	1.5	0.6	-0.1	0.0	0.1	0.2	0.3	0.5		
Canadian Domestic Balanced**											
Canadian Fixed	0.2	2.3	0.7	0.5	0.3	0.3	0.3	0.4	0.4		
Canadian Corporate & Credit Focused	-0.4	-4.9	-1.5	-0.6	-0.4						
Canada Fixed Core Plus	0.7	6.5	0.2	0.0							
<i>Average for Canada</i>	<i>0.1</i>	<i>-4.6</i>	<i>-1.2</i>	<i>-0.1</i>	<i>-0.4</i>	<i>-0.5</i>	<i>0.1</i>	<i>0.1</i>	<i>0.3</i>		
<i>Overall average for North America</i>	<i>0.3</i>	<i>0.3</i>	<i>-0.6</i>	<i>0.0</i>	<i>-0.2</i>	<i>-0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.4</i>	<i>0.8</i>
Active Currency	-0.9	0.6	1.1	1.1	1.4	0.9	0.8	1.0	1.2	1.2	1.0
Global Equity - Core	-0.1	3.7	0.5	1.2	1.3	1.5	1.2	0.9	0.9	1.1	1.5
Global Equity - Growth	0.3	0.1	-5.8	-2.5	-1.7	-0.1	0.1	-0.1	-0.2	-0.9	-0.8
Global Equity - Value	1.3	8.0	1.7	1.4	1.7	1.4	1.4	1.7	1.9	2.7	3.1
GTAA/Global Macro	0.2	9.2	2.8	0.6	2.4	3.4	2.9	4.8	5.4	4.9	
World ex US Equity - Core	1.2	2.5	1.0	1.5	1.2	1.2	0.9	0.4	0.7	0.7	0.8
World ex US Equity - Growth	0.3	4.8	-1.5	0.5	1.9	2.1	1.9	1.4	1.1	0.9	0.1
World ex US Equity - Value	1.1	-1.2	0.9	-0.4	0.1	-0.3	-0.1	-0.1	0.9	2.0	2.5
World ex US Small Cap	-0.1	-4.0	0.9	0.9	0.3	0.8	1.4	1.6	1.1	1.2	1.5
Emerging Markets Equity	-0.3	0.6	0.5	-0.1	-0.2	-0.4	0.2	0.7	1.0	0.5	0.3
Global Real Estate Securities	0.7	2.8	2.7	1.3	1.5						
Emerging Markets Debt	1.2	4.1	-1.4	-0.8	0.3	1.1	2.0	2.5	2.6		
Global Fixed Broad Market Aggregate	2.5	16.5	4.4	1.8	1.2	1.7	1.3	1.3			
Global Fixed Sovereign	1.0	6.1	1.6	0.7	0.8	1.1	1.2	1.4	1.1	1.0	0.9
Global Credit	1.3	9.0	0.1	-1.1	-1.2	0.1	-0.2				
World ex US Fixed Income	0.9	3.7	-0.2	-0.6	-0.4	-0.1	0.1	0.6	0.6	0.6	0.5
Global High Yield	0.3	-10.5	0.5								
<i>Average for Global/International</i>	<i>0.6</i>	<i>3.3</i>	<i>0.6</i>	<i>0.3</i>	<i>0.7</i>	<i>1.0</i>	<i>1.0</i>	<i>1.3</i>	<i>1.4</i>	<i>1.3</i>	<i>1.1</i>
OVERALL AVERAGES(c)	0.4	1.7	0.1	0.3	0.3	0.4	0.6	0.7	0.7	1.0	1.2
<i>All equity categories</i>	<i>0.3</i>	<i>0.1</i>	<i>0.1</i>	<i>0.6</i>	<i>0.4</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.7</i>	<i>1.1</i>	<i>1.7</i>
<i>All fixed income categories</i>	<i>0.7</i>	<i>4.0</i>	<i>0.1</i>	<i>-0.1</i>	<i>0.0</i>	<i>0.2</i>	<i>0.5</i>	<i>0.6</i>	<i>0.5</i>	<i>0.3</i>	<i>0.3</i>
<i>All other categories</i>	<i>0.2</i>	<i>2.1</i>	<i>0.0</i>	<i>-0.3</i>	<i>0.2</i>	<i>0.3</i>	<i>1.2</i>	<i>1.8</i>	<i>2.0</i>	<i>2.3</i>	<i>1.0</i>

** Category is no longer formally rated or measured.

Value added by calendar year

Product Category	1996 %	1997 %	1998 %	1999 %	2000 %	2001 %	2002 %	2003 %	2004 %	2005 %	2006 %	2007 %	2008 %	2009 %
Australian Equity	4.1	2.2	-1.8	2.0	4.8	1.6	2.2	1.1	1.6	0.4	-0.5	0.1	1.3	3.2
Australian Small Companies		8.3	1.5	15.6	21.3	18.0	21.4	2.6	13.6	-7.7	-0.1	3.0	4.2	7.7
Australian Fixed Interest	0.2	-0.4	1.0	0.4	-0.2	0.0	0.1	0.3	0.4	0.2	0.1	-0.4	-4.0	2.6
Australian Short Duration High Income									2.1	0.8	0.7	-0.7	-11.1	15.9
Australian Listed Property				1.0	0.7	0.3	0.8	0.6	2.2	0.3	0.6	-0.6	-3.2	13.9
Australian Balanced**	0.9	-0.8	-1.9	0.1	-0.3	0.0	0.1	1.4	0.1	1.1	0.1	-0.5	**	**
<i>Average for Australia</i>	<i>1.7</i>	<i>2.3</i>	<i>-0.3</i>	<i>3.8</i>	<i>5.2</i>	<i>4.0</i>	<i>4.9</i>	<i>1.2</i>	<i>3.3</i>	<i>-0.8</i>	<i>0.2</i>	<i>0.2</i>	<i>-2.6</i>	<i>8.7</i>
New Zealand Equity	12.5	1.4	7.3	7.4	6.0	9.0	-5.7	3.6	1.6	1.3	2.1	-2.6	2.3	0.7
Trans-Tasman Equity				14.2	12.8	14.9	-8.5	5.5	4.5	5.3	0.5	2.8	4.7	1.9
New Zealand Fixed	0.7	0.6	0.7	1.3	0.8	0.4	0.4	0.3	0.6	0.5	1.3	0.7	-2.4	1.8
<i>Average for New Zealand</i>	<i>6.6</i>	<i>1.0</i>	<i>4.0</i>	<i>7.6</i>	<i>6.5</i>	<i>8.1</i>	<i>-4.6</i>	<i>3.1</i>	<i>2.2</i>	<i>2.4</i>	<i>1.3</i>	<i>0.3</i>	<i>1.5</i>	<i>1.5</i>
Asia ex Japan Equity			-2.6	19.1	3.2	-1.0	6.1	1.9	-3.2	0.4	-0.5	2.4	-0.2	-1.9
Hong Kong Balanced**								1.7	-1.0	3.3	1.3	**	**	**
Hong Kong Equity**								13.7	0.6	3.5	13.0	**	**	**
Pacific ex Japan Equity	5.1	-0.7	-0.7	5.7	15.3	1.2	2.1	3.6	2.0	0.2	3.1	5.1	2.1	-1.7
Japan Equity		12.9	1.9	23.7	-1.3	-1.5	1.6	-0.2	-0.8	5.6	0.3	0.5	-2.1	2.7
Japan Small Cap Equity									0.2	6.1	0.8	-0.1	-6.4	5.9
Pacific inc Japan Equity				13.8	0.1	0.1	2.2	-1.9	1.6	3.3	0.1	4.4	2.5	-9.0
Singapore Equity**							7.9	7.0	-0.9	5.2	**	**	**	**
<i>Average for Other Asia/Pacific</i>	<i>5.1</i>	<i>6.1</i>	<i>-0.5</i>	<i>15.6</i>	<i>4.3</i>	<i>-0.3</i>	<i>4.0</i>	<i>3.7</i>	<i>-0.2</i>	<i>3.5</i>	<i>2.6</i>	<i>2.5</i>	<i>-0.8</i>	<i>-0.8</i>
<i>Overall average for Asia/Pacific</i>	<i>3.9</i>	<i>3.0</i>	<i>0.6</i>	<i>8.7</i>	<i>5.2</i>	<i>3.6</i>	<i>2.4</i>	<i>2.7</i>	<i>1.5</i>	<i>1.8</i>	<i>1.4</i>	<i>1.0</i>	<i>-0.9</i>	<i>3.4</i>
UK Equity	-0.4	-2.1	-2.3	3.2	2.1	1.7	0.6	1.8	0.5	1.2	2.2	-2.7	-0.6	0.7
Mixed UK/Non UK Equity							3.0	0.2	0.5	0.8	-0.7	3.5	0.6	-0.4
UK Small Cap Equity										0.0	2.7	2.7	9.1	-11.3
UK Property										-0.5	-0.3	0.3	0.1	0.6
UK Balanced**	1.8	0.6	-1.0	6.8	0.0	-1.0	-0.9	0.7	0.5	0.1	-1.0	**	**	**
UK Inflation-Linked Bonds		0.4	2.1	0.4	-0.3	-0.4	0.5	0.7	0.6	0.5	-0.2	-0.5	0.8	0.3
UK Government Bonds	0.9	-0.7	0.4	-0.7	1.0	0.1	0.1	0.4	0.0	0.2	0.3	0.0	-0.4	2.4
UK Non-Government Bonds							-0.4	0.8	0.7	0.1	0.2	-0.1	-0.9	3.8
UK Aggregate Bonds										0.3	0.2	-0.3	-1.8	3.2
<i>Average for UK</i>	<i>0.7</i>	<i>-0.5</i>	<i>-0.2</i>	<i>2.4</i>	<i>0.7</i>	<i>0.1</i>	<i>0.5</i>	<i>0.8</i>	<i>0.5</i>	<i>0.3</i>	<i>0.4</i>	<i>0.4</i>	<i>0.9</i>	<i>-0.1</i>
Eurozone Equity										3.0	0.0	-1.9	1.3	3.7
Europe ex UK Equity	2.9	-3.8	-2.2	6.9	4.1	3.5	2.3	-2.9	-0.1	4.0	1.3	-2.3	-0.9	0.4
Europe inc UK Equity	6.6	-4.1	-2.5	9.9	2.3	0.4	0.1	-0.1	0.7	1.3	1.4	-1.2	0.2	-0.6
Europe inc UK Small Cap Equity									2.5	1.6	-2.8	1.1	-1.1	-1.9
Eurozone Aggregate Bonds							0.7	0.4	0.5	0.4	-0.5	-4.6	3.5	
Eurozone Government Bonds										0.3	0.5	-1.6	-8.2	-1.7
Eurozone Non-Government Bonds										0.2	0.4	-2.0	-12.2	10.4
<i>Average for European regional</i>	<i>4.7</i>	<i>-3.9</i>	<i>-2.4</i>	<i>8.4</i>	<i>3.2</i>	<i>1.9</i>	<i>1.2</i>	<i>-0.8</i>	<i>0.9</i>	<i>1.6</i>	<i>0.2</i>	<i>-1.2</i>	<i>-3.7</i>	<i>1.9</i>
<i>Overall average for Europe</i>	<i>2.3</i>	<i>-1.6</i>	<i>-0.9</i>	<i>4.4</i>	<i>1.5</i>	<i>0.7</i>	<i>0.7</i>	<i>0.2</i>	<i>0.6</i>	<i>0.8</i>	<i>0.3</i>	<i>-0.4</i>	<i>-1.2</i>	<i>0.9</i>

** Category is no longer formally rated or measured.

Value added by calendar year (continued)

Product Category	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
US Equity, Large Cap Core						0.8	-0.8	2.0	0.8	1.5	-2.6	0.5	0.0	1.7
US Equity, Large Cap Growth						-3.4	1.1	-0.9	2.7	2.9	-4.3	4.4	-4.9	4.9
US Equity, Large Cap Value						5.8	-1.9	1.6	-1.2	0.3	-2.3	-2.6	-5.0	5.5
US Equity, Mid Cap Core	1.4	5.8	5.6	-3.3	6.1	10.6	-0.1	-2.0	-3.1	-1.4	-3.8	0.0	1.6	-9.6
US Equity, Mid Cap Growth	-0.6	-0.3	0.7	0.8	16.7	2.3	-1.8	-5.3	-2.0	-0.1	1.9	6.5	2.9	-3.2
US Equity, Mid Cap Value	6.3	-4.0	-2.8	-2.0	1.2	11.8	-6.0	0.7	-3.5	-3.6	-2.2	-1.2	-0.2	6.0
US Equity, SMID Core						13.7	11.6	-0.5	0.0	3.5	-2.2	7.0	3.9	-4.5
US Equity, SMID Growth						-1.9	7.6	-1.2	-0.1	3.5	0.9	3.0	-0.3	-0.5
US Equity, SMID Value						11.7	-18.0	-1.3	-0.1	-0.7	-3.2	2.6	-1.0	1.6
US Equity, Small Cap Core	5.6	6.9	0.0	-9.6	12.2	5.0	6.3	-2.4	1.0	1.0	-2.7	2.3	0.6	3.3
US Equity, Small Cap Growth	3.4	3.5	4.3	-1.9	15.7	0.1	-0.6	-3.8	-4.4	2.7	-1.2	2.0	-4.1	2.6
US Equity, Small Cap Value	1.3	0.4	0.1	8.8	-1.3	5.4	-0.4	1.6	0.8	3.6	-6.0	4.0	-5.0	13.8
Average for US Equity	2.9	2.0	1.3	-1.2	8.4	5.2	-0.2	-0.9	-0.8	1.1	-2.3	2.4	-1.0	1.8
US Real Estate, Open End										1.3	0.0	1.1	-5.7	-16.6
US Real Estate Securities										2.1	2.5	0.1	1.7	4.7
Average for US Other										1.7	1.2	0.6	-2.0	-6.0
US Fixed, Core Investment Grade	0.1	0.3	0.1	0.2	0.0	0.3	-0.4	1.0	0.4	0.2	0.3	-0.8	-8.7	7.4
US Fixed, Core Opportunistic	0.6	0.3	-1.0	0.9	-0.8	-0.6	-2.0	2.5	1.2	0.6	0.6	-0.9	-11.1	11.3
US Fixed, High Yield	1.1	1.5	-1.1	1.5	0.6	-0.5	3.9	-5.0	-0.2	0.7	-1.0	1.0	4.1	-10.1
US Fixed, Short	0.6	0.6	0.0	0.3	0.5	-0.4	-0.2	0.1	0.9	0.6	0.4	-1.3	-6.9	6.3
US Fixed, Intermediate	0.6	0.8	-0.4	0.7	0.3	-0.1	-0.7	0.3	0.7	0.5	0.5	-0.6	-5.8	7.0
US Fixed, Long	1.0	3.8	1.9	-1.0	2.0	1.1	1.2	1.4	0.8	1.3	0.0	1.9	0.6	3.6
Average for US Fixed	0.7	1.2	-0.1	0.4	0.4	0.0	0.3	0.1	0.6	0.7	0.2	-0.1	-4.6	4.3
Canadian Equity							3.3	-1.2	0.6	0.5	-1.1	0.4	-0.1	-2.6
Canadian Small Cap										-5.4	-5.4	14.5	3.1	-30.5
Canadian Balanced							2.0	1.1	0.7	0.3	0.3	-1.5	-0.1	1.5
Canadian Domestic Balanced**							2.5	0.0	-0.1	-1.3	-0.3	**	**	**
Canadian Fixed							0.5	0.6	0.4	0.1	0.0	0.1	-0.9	2.3
Canadian Corporate & Credit Focused											0.1	1.0	1.5	-4.9
Canada Fixed Income Core Plus												-0.5	-5.7	6.5
Average for Canada							2.1	0.1	0.4	-1.2	-1.1	2.3	-0.4	-4.6
Overall average for North America	1.8	1.6	0.6	-0.4	4.4	3.4	0.3	-0.5	-0.2	0.6	-1.2	1.7	-1.7	0.3
Active Currency					0.0	0.9	2.7	2.3	-0.1	-0.8	2.2	1.2	1.6	0.6
Global Equity - Core	3.6	3.1	-3.4	7.3	4.8	2.4	0.9	-1.4	-0.8	2.7	1.4	3.0	-1.0	3.7
Global Equity - Growth	1.7	-5.4	-1.2	19.2	-0.3	-4.6	-0.8	-1.6	1.0	6.8	1.6	6.1	-7.5	0.1
Global Equity - Value	3.1	-3.9	-4.5	3.4	6.7	8.7	2.6	3.8	1.6	0.2	2.9	0.6	-1.3	8.0
GTAA/Global Macro						0.5	10.3	16.5	0.7	7.5	7.9	-3.6	-3.2	9.2
World exUS Equity - Core	7.8	4.5	-2.5	13.7	1.4	0.9	2.1	-3.0	-1.2	1.3	0.2	2.6	0.2	2.5
World exUS Equity - Growth	6.7	-2.9	-2.9	21.7	-5.0	-0.2	-0.5	-2.6	0.6	2.9	7.4	5.9	-3.7	4.8
World exUS Equity - Value	7.1	3.7	-3.6	3.8	6.7	8.7	6.6	-0.2	1.1	-1.9	2.2	-3.8	1.7	-1.2
World exUS Small Cap	6.3	5.2	-6.4	30.1	4.2	1.5	-1.4	3.3	5.1	3.0	-2.1	0.9	2.6	-4.0
Emerging Markets Equity	10.5	12.1	2.5	-3.0	-1.0	-2.7	2.8	4.2	3.9	-1.4	-0.6	-1.9	0.3	0.6
Global Real Estate Securities											2.2	-1.8	2.3	2.8
Emerging Markets Debt							3.1	6.1	6.5	4.5	4.1	0.3	-5.2	4.1
Global Fixed Broad Market Aggregate								1.9	-1.0	3.5	-0.6	-3.4	-6.3	16.5
Global Fixed Sovereign	4.0	1.5	-0.6	-1.5	0.5	0.5	-1.2	2.6	1.7	2.2	0.8	-1.1	-3.0	6.1
Global Credit									-2.2	5.2	-1.6	-3.4	-6.5	9.0
World exUS Fixed Income	3.2	2.6	-1.0	-2.4	0.2	0.1	0.9	4.0	1.1	1.0	0.2	-1.3	-4.2	3.7
Global High Yield													5.7	-10.5
Average for Global/International	5.4	2.1	-2.4	9.2	1.7	1.4	2.2	2.6	1.2	2.4	1.8	0.0	-1.6	3.3
OVERALL AVERAGES(c)	3.3	1.5	-0.4	5.5	3.5	2.6	1.3	1.1	0.7	1.3	0.3	0.7	-1.5	1.7
All equity categories	4.7	1.9	-0.7	8.4	5.5	4.0	1.4	0.7	0.7	1.4	0.0	1.9	0.0	0.1
All fixed income categories	1.2	0.9	0.2	0.0	0.4	0.1	0.4	1.1	0.8	1.1	0.3	-0.6	-3.9	4.0
All other categories	1.3	-0.1	-1.5	2.6	0.1	0.1	2.5	3.0	0.4	1.2	1.3	-0.6	-0.8	2.1

** Category is no longer formally rated or measured.

Background information as at 31 December 2009

Product Category	Number of products in Mercer MPA peer group used for this analysis	Number of products rated A or A- by Mercer as at 31 December 2009	Average turnover among products rated A or A- by Mercer since inception (d) (% pa)
Australian Equity	80	39	25
Australian Small Companies	35	8	36
Australian Fixed Interest	29	13	36
Australian Short Duration High Income	17	14	8
Australian Listed Property	29	10	6
Australian Balanced**	**	**	**
Sub-total Australia	190	84	22
New Zealand Equity	4	3	14
Trans-Tasman Equity	11	6	11
New Zealand Fixed	6	2	15
Sub-total New Zealand	21	11	13
Asia ex Japan Equity	40	14	13
Hong Kong Balanced**	**	**	**
Hong Kong Equity**	**	**	**
Pacific ex Japan Equity	73	14	16
Japan Equity	122	29	17
Japan Small Cap Equity	25	7	8
Pacific inc Japan Equity	29	3	13
Singapore Equity**	**	**	**
Sub-total Other Asia/Pacific	289	67	14
Total Asia/Pacific	500	162	17
UK Equity	152	26	25
Mixed UK/Non-UK Equity	8	6	19
UK Small Cap Equity	26	4	8
UK Property	21	10	25
UK Balanced**	**	**	**
UK Inflation-Linked Bonds	30	7	22
UK Government Bonds	28	9	26
UK Non-Government Bonds	35	10	16
UK Aggregate Bonds	23	10	18
Sub-total UK	323	82	20
Eurozone Equity	64	12	18
Europe ex UK Equity	62	22	24
Europe inc UK Equity	150	32	15
Europe inc UK Small Cap Equity	41	8	17
Eurozone Aggregate Bonds	47	13	24
Eurozone Government Bonds	28	6	27
Eurozone Non-Government Bonds	55	14	21
Sub-total European regional	447	107	21
Total Europe	770	189	20

** Category is no longer formally rated or measured.

Background information as at 31 December 2009 (continued)

Product Category	Number of products in Mercer MPA peer group used for this analysis	Number of products rated A or A- by Mercer as at 31 December 2009	Average turnover among products rated A or A- by Mercer since inception (d) (% pa)
US Equity, Large Cap Core	308	17	20
US Equity, Large Cap Growth	288	16	22
US Equity, Large Cap Value	313	20	18
US Equity, Mid Cap Core	56	7	13
US Equity, Mid Cap Growth	116	16	20
US Equity, Mid Cap Value	97	15	14
US Equity, SMID Core	45	7	8
US Equity, SMID Growth	82	23	7
US Equity, SMID Value	68	10	15
US Equity, Small Cap Core	129	20	13
US Equity, Small Cap Growth	185	19	20
US Equity, Small Cap Value	186	24	12
Sub-total US Equity	1873	194	15
US Real Estate, Open End	23	7	2
US Real Estate Securities	42	6	7
Sub-total US Real Other	65	13	5
US Fixed, Core Investment Grade	187	8	20
US Fixed, Core Opportunistic	96	7	23
US Fixed, High Yield	113	10	16
US Fixed, Short	124	9	16
US Fixed, Intermediate	134	9	18
US Fixed, Long	50	7	15
Sub-total US Fixed	704	50	18
Canadian Equity	89	25	13
Canadian Small Cap	30	7	31
Canadian Balanced	43	4	21
Canadian Domestic Balanced**	**	**	**
Canadian Fixed	54	8	14
Canadian Corporate & Credit Focused	12	5	5
Canada Fixed Income Core Plus	17	4	7
Sub-total Canada	245	53	15
Total North America	2887	310	15
Active Currency	55	18	20
Global Equity - Core	206	35	15
Global Equity - Growth	66	13	21
Global Equity - Value	93	17	16
GTAA/Global Macro	32	28	8
World ex US Equity - Core	168	22	15
World ex US Equity - Growth	78	14	19
World ex US Equity - Value	87	18	9
World ex US Small Cap	64	13	9
Emerging Markets Equity	141	26	16
Global Real Estate Securities	33	13	8
Emerging Markets Debt	10	8	18
Global Fixed Broad Market Aggregate	43	5	13
Global Fixed Sovereign	47	11	18
Global Credit	16	6	6
World ex US Fixed Income	21	9	14
Global High Yield	21	5	10
Total International/Global	1181	261	14
OVERALL AVERAGES(c)	5338	922	16
All equity categories	3817	617	16
All fixed income categories	1243	209	17
All other categories	278	96	12

** Category is no longer formally rated or measured.

Endnotes to tables

- (a) Value added is calculated as the average return per annum for the A and A- rated strategies over the period concerned less the average return per annum for the stated benchmark index over the same period. The quarterly return for the A and A- rated products is calculated as the unweighted average performance over the quarter of all products rated A or A- by Mercer within the product category concerned as at the start of that quarter. Results for longer periods are calculated by compounding together the quarterly figures. See “Measurement of Value Added Through Mercer Manager’s Research Recommendations” for more information.
- (b) The information ratio is a risk-adjusted measure of value added. It is calculated as value added per annum divided by the tracking error over the period concerned. Value added is calculated as per (a) above. Tracking error is calculated as the annualised standard deviation of the quarterly value added for the A and A- rated products over the period concerned. The quarterly value added is calculated each quarter as the average return for the A and A- rated products over the quarter concerned less the quarterly returns for the stated benchmark index over the same quarter.
- (c) The country, regional and overall averages shown in the tables are the equal-weighted averages of the figures for all relevant product and strategy categories.
- (d) Turnover is calculated each quarter as the number of products that were rated A or A- at the start of the quarter but not at the end of the quarter divided by the number of products that were rated A or A- at the start of the quarter. Average annual turnover since inception is calculated as the average quarterly turnover since inception multiplied by four (to convert it from a quarterly figure to an annual figure).