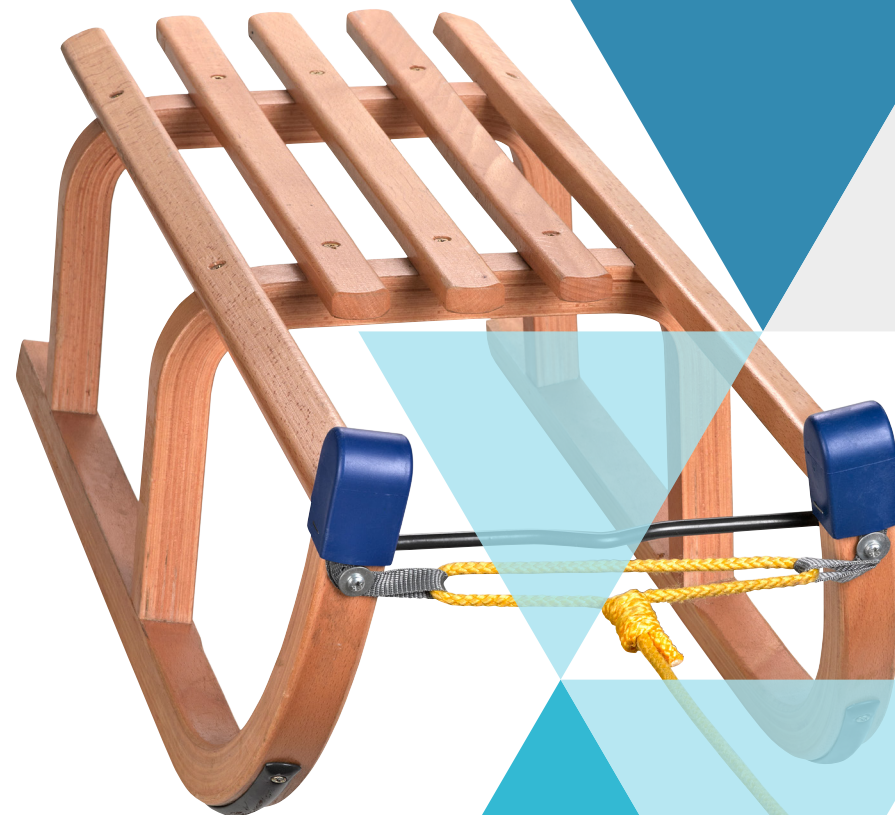


MONTHLY REPORT

MERCER KIWISAVER SCHEME, MERCER SUPER TRUST, AND MERCER FLEXISAVER

Markets climbed higher in May following surprisingly strong oil prices and easing concerns over a potential Brexit. Markets also benefited from economic data suggesting normalisation of growth in Europe and Japan. In Greece, European finance ministers and the International Monetary Fund also agreed to provide \$11.4 billion in aid packages in exchange for another round of austerity and reform measures, further easing concerns over Eurozone instability. Finally, investors were seemingly unfazed by hawkish comments from US Federal Reserve officials after better than expected data in the United States.

The MSCI World Index rose +1.8% during the month (in local currency), lifting the year-to-date return into the black at +0.6%. Unhedged investors received a return of +3.9% with the New Zealand dollar falling sharply against the United States dollar (-3.2%) and Great British pound (-2.6%). New Zealand Shares outperformed offshore markets in May, rising +3.3%. Global Aggregate Bonds increased slightly during the month, returning +0.6%. Similarly, New Zealand Bonds returned +0.8%. Global Listed Property and Global Listed Infrastructure (both New Zealand dollar hedged) returned +1.6% and +0.5% respectively.



For more information call 0508 MERCER (0508 637 237) or visit www.mymercer.co.nz

MAKE TOMORROW, TODAY



SIGNIFICANT RECENT ITEMS INCLUDE:

An estimate of a Balanced Fund gross index return based on selected market indicators for May was 1.7%.



WORLDWIDE/CANADA/NIGERIA

Oil continued to surge in May, reflecting supply disruptions in Canada due to the wildfire and unrest in Nigeria. Crude oil surpassed United States dollar \$50 per barrel in the last week of May and is up more than 85% from its lows in mid-February 2016.

▼ JAPAN

Economic data in Japan exceeded expectations with the economy growing at an annualized rate of 1.7% over the first quarter of the year. Markets now anticipate a new stimulus package in June or July to maintain the growth trajectory.

▼ BRAZIL

The Brazilian Senate voted to impeach President Dilma Rousseff, with Vice-president Michel Temer taking over. Markets welcomed the decision, but question whether a new administration will be able to battle systemic corruption and lead the country out of its deep recession.

▼ RUSSIA

Russia's inflation and consumer demand remains weak despite tentative signs of stabilisation. Low oil prices and international sanctions have severely impacted Russia's budget and liquidity. The Central Bank of Russia is widely expected to cut rates at its next meeting in June.

INVESTMENT RETURNS

MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.16%	2.12%	2.20%
	Conservative	0.82%	4.02%	5.10%
	Moderate	0.91%	3.49%	na
	Balanced	1.24%	3.37%	6.56%
	Growth	1.52%	2.65%	na
	High Growth	1.91%	3.10%	7.98%
	Shares	2.54%	2.56%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.18%	2.43%	2.63%
	Conservative	0.86%	4.59%	5.75%
	Moderate	0.95%	3.90%	na
	Balanced	1.25%	3.86%	7.27%
	Growth	1.54%	3.16%	na
	High Growth	1.92%	3.41%	8.70%
	Shares	2.50%	2.49%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.19%	2.64%	2.86%
	Conservative	0.89%	4.92%	6.12%
	Moderate	0.98%	4.33%	na
	Balanced	1.29%	4.17%	7.67%
	Growth	1.55%	3.32%	na
	High Growth	1.90%	3.48%	9.09%
	Shares	2.43%	2.75%	na

Notes

- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are net of tax at the rate indicated and net of fund charges that are charged within the unit prices.
- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The net returns shown are therefore indicative of investment results but may differ from the actual net of fees and tax returns achieved by individual investors.
- 'na' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

INVESTMENT RETURNS MERCER SUPER TRUST

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.83%	1.91%
	Conservative	0.76%	3.78%	4.77%
	Moderate	0.88%	3.65%	6.03%
	Balanced	1.23%	3.22%	6.75%
	Growth	1.56%	3.03%	7.33%
	High Growth	1.88%	3.17%	8.19%
	Shares	2.51%	2.85%	10.07%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	2.10%	2.14%
	Conservative	0.81%	4.18%	5.18%
	Moderate	0.91%	3.84%	6.56%
	Balanced	1.21%	3.56%	7.16%
	Growth	1.49%	3.02%	7.84%
	High Growth	1.89%	3.25%	8.62%
	Shares	2.46%	2.75%	10.68%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.15%	2.29%	2.28%
	Conservative	0.81%	4.46%	5.48%
	Moderate	0.93%	4.05%	6.80%
	Balanced	1.22%	3.71%	7.51%
	Growth	1.46%	3.31%	8.09%
	High Growth	1.86%	3.41%	8.87%
	Shares	2.41%	2.80%	11.09%

Notes

- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are net of tax at the rate indicated, net of investment management fees and net of any administration fees that are charged within the unit prices. Administration charges can vary between plans in Mercer Super Trust and portions of such fees may be rebated through the granting of extra units to investors.
- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The net returns shown are therefore indicative of investment results but may differ from the actual net of fees and tax returns achieved by individual investors.
- 'na' indicates that investment option was not operating for the full period or did not have funds invested for the full period.
- Fees may be deducted by redeeming units

INVESTMENT RETURNS

MERCER FLEXISAVER

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	3 MONTHS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.10%	0.37%
	Conservative	0.75%	2.23%
	Moderate	0.83%	2.76%
	Balanced	1.04%	3.82%
	Growth	1.48%	5.08%
	High Growth	1.88%	6.35%
	Shares	2.47%	8.22%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	3 MONTHS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.10%	0.34%
	Conservative	0.78%	2.29%
	Moderate	0.85%	2.87%
	Balanced	1.20%	4.32%
	Growth	1.51%	5.51%
	High Growth	1.90%	6.69%
	Shares	2.39%	8.28%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	3 MONTHS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	0.48%
	Conservative	0.81%	2.47%
	Moderate	0.85%	2.94%
	Balanced	1.23%	4.41%
	Growth	1.47%	5.49%
	High Growth	1.83%	6.75%
	Shares	2.41%	8.49%

Notes

- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are net of tax at the rate indicated, net of investment management fees and net of any administration fees that are charged within the unit prices. Certain fund charges can vary between investors in Mercer FlexiSaver and portions of such fees may be rebated through the granting of extra units to investors.
- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The net returns shown are therefore indicative of investment results but may differ from the actual net of fees and tax returns achieved by individual investors.
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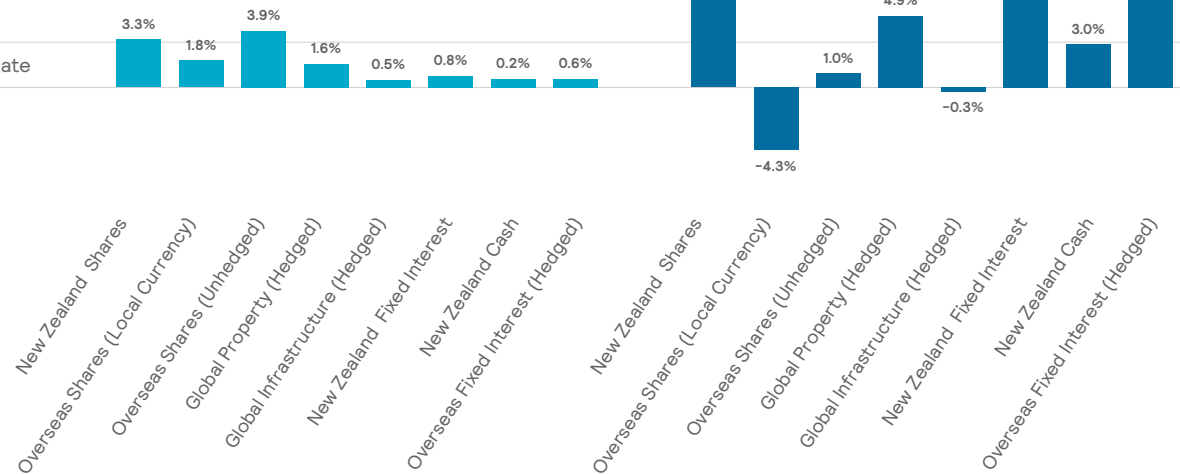
FINANCIAL MARKETS

ONE MONTH

ONE YEAR

KEY

NZ SHARES	S&P/NZX 50 (with ICs)
OVERSEAS SHARES (LOCAL CURRENCY)	MSCI World (Local Currency)
OVERSEAS SHARES (UNHEDGED)	MSCI World (Unhedged)
GLOBAL PROPERTY (HEDGED)	FTSE EPRA NAREIT Developed
GLOBAL INFRASTRUCTURE (HEDGED)	FTSE Global Core Infrastructure 50/50
NZ FIXED INTEREST	S&P/NZX NZ Government Bond
NZ CASH	ANZ 90 Day Bank Bills
OVERSEAS FIXED INTEREST (HEDGED)	Barclays Capital Global Aggregate



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