

SELECTED MARKET INDICATORS FOR PERIODS ENDED 31 MAY 2019

# MONTHLY REPORT

## MERCER COMMENTARY

May dished up a rocky month for investors, reminding us of the negative returns experienced by the share markets in December last year. In a series of negative news headlines that are starting to feel like *déjà vu*, US President Donald Trump announced he would be re-imposing tariffs on a range of Chinese goods; China retaliated and share markets suffered. The resignation of UK Prime Minister Theresa May without a clear replacement further compounded investor uncertainty, whilst the European elections showcased a continent more politically fragmented than it has been for some time.

Developed share markets (-5.7%) struggled with deteriorating macroeconomic conditions fuelled by the re-emergent threat of a global trade war. The US and Japan suffered the biggest falls, both shedding -6.4%. Emerging markets (-6.6%) fell further than developed markets; the prospect of tariffs on China and Mexico increasing the threat to emerging economies.

The New Zealand and Australian markets were the standout performers in May, returning +1.1% and +1.7% respectively for the month, well ahead of major global peers. Interest rate cuts (and the prospect thereof) combined with slowing economic growth abroad continue to make domestic markets attractive to offshore investors.

MAKE TOMORROW, TODAY



# MARKET PERFORMANCE SUMMARY

## MAY IN A SNAPSHOT

- While there were some positives, for example New Zealand and Australian markets delivered positive returns, many of the developed and emerging markets struggled.
- If you're unsure about your investment strategy, or if you have questions or concerns – we suggest you contact Mercer Helpline team on 0508 637 237.
- A reminder to all savings schemes members to check you have the correct PIR rate (rate at which your investment earnings are taxed). Find out now with Mercer PIR Tool: [purl.co.nz/pir](https://purl.co.nz/pir).



## SIGNIFICANT RECENT ITEMS INCLUDE:



### ▼ U.S & CHINA

In an abrupt change of attitude, US President Donald Trump imposed tariffs on \$200billion of Chinese goods. China reacted in kind, threatening to impose levies of its own, notably on its exports of rare metals (a resource that has heavy US demand).

### ▼ U.S & MEXICO

President Trump also threatened to impose a 5% tariff on Mexican goods; further threatening Mexican officials that it could potentially be raised to 25% if the Mexican government fails to act in a more decisive manner to stem the flow of illegal immigration into the US.

### ▼ EUROPE

Across the Atlantic, the European Parliamentary elections, with the highest voter turnout in a decade, delivered mixed results. Support for the two traditional voting blocs, the European People's Party (EPP) and Socialists and Democrats (S&D), declined in favour of the Greens and the pro-European Liberals and Democrats. The Eurosceptic blocs made only modest gains in contrast to bullish expectations.

### ▼ AUSTRALIA

On 7 May the Reserve Bank of Australia kept its cash rate at 1.5% despite speculation that it may ease monetary policy.

In the 18 May Federal Election Australian voters re-elected the current minority Liberal/ National Party Coalition, this time with a majority. Australian share markets soared.

# INVESTMENT RETURNS

## MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.49%	1.86%
	Conservative	-0.02%	3.84%	4.43%
	Moderate	-0.46%	3.61%	na
	Balanced	-1.05%	3.94%	6.35%
	Growth	-1.79%	3.78%	na
	High Growth	-2.15%	4.13%	8.47%
	Shares	-2.94%	3.79%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	1.70%	2.13%
	Conservative	0.01%	4.21%	4.84%
	Moderate	-0.45%	3.99%	na
	Balanced	-1.06%	4.29%	6.79%
	Growth	-1.85%	4.09%	na
	High Growth	-2.24%	4.32%	8.89%
	Shares	-3.01%	3.95%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.15%	1.84%	2.30%
	Conservative	0.03%	4.50%	5.09%
	Moderate	-0.44%	4.27%	na
	Balanced	-1.07%	4.47%	7.03%
	Growth	-1.89%	4.19%	na
	High Growth	-2.29%	4.49%	9.08%
	Shares	-3.04%	4.15%	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	0.09%	1.18%	1.49%
	Conservative	-0.07%	3.45%	4.02%
	Moderate	-0.49%	3.33%	5.05%
	Balanced	-1.08%	3.69%	6.12%
	Growth	-1.80%	3.67%	7.26%
	High Growth	-2.14%	3.90%	8.32%
	Shares	-2.96%	3.65%	9.59%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.10%	1.34%	1.69%
	Conservative	-0.03%	3.86%	4.35%
	Moderate	-0.47%	3.65%	5.37%
	Balanced	-1.10%	3.92%	6.43%
	Growth	-1.85%	3.73%	7.51%
	High Growth	-2.25%	4.05%	8.53%
	Shares	-3.04%	3.60%	9.80%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.44%	1.82%
	Conservative	-0.01%	4.10%	4.57%
	Moderate	-0.47%	3.89%	5.53%
	Balanced	-1.03%	4.26%	6.66%
	Growth	-1.93%	3.89%	7.65%
	High Growth	-2.32%	4.11%	8.78%
	Shares	-3.12%	3.72%	9.97%

### 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.
- Fees may be deducted by redeeming units.

# INVESTMENT RETURNS

## MERCER FLEXISAVER

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	3 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.10%	1.21%	1.17%
	Conservative	-0.04%	3.33%	3.14%
	Moderate	-0.49%	3.36%	4.05%
	Balanced	-1.06%	3.67%	5.40%
	Growth	-1.78%	3.57%	6.81%
	High Growth	-2.18%	3.91%	7.87%
	Shares	-2.94%	3.60%	8.66%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	3 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.34%	1.47%
	Conservative	-0.04%	3.83%	3.50%
	Moderate	-0.48%	3.67%	4.35%
	Balanced	-1.12%	4.04%	5.91%
	Growth	-1.87%	3.80%	7.18%
	High Growth	-2.25%	4.08%	8.15%
	Shares	-3.02%	3.74%	9.07%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	3 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.45%	1.43%
	Conservative	0.00%	4.09%	3.76%
	Moderate	-0.47%	3.94%	4.49%
	Balanced	-1.09%	4.22%	6.10%
	Growth	-1.91%	3.99%	7.48%
	High Growth	-2.30%	4.24%	8.50%
	Shares	-3.08%	3.91%	9.35%

### 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.
- 'na' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

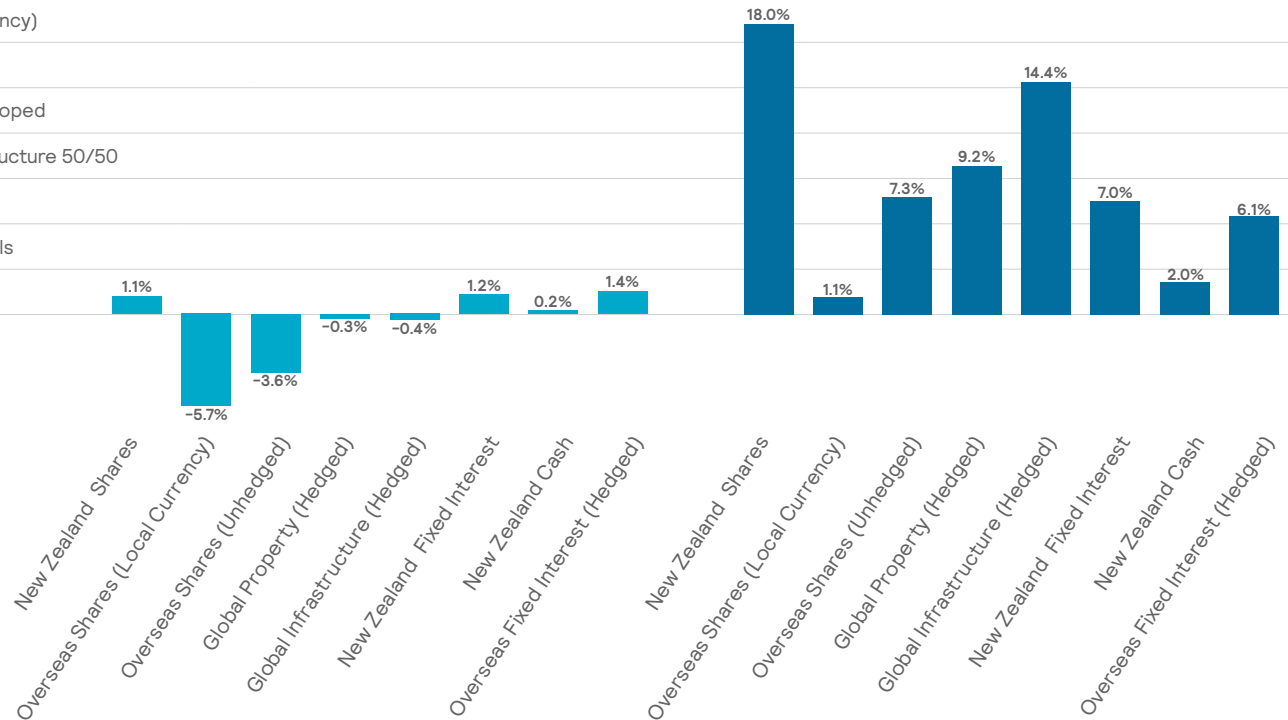
# FINANCIAL MARKETS

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	Bloomberg NZ Bond
NZ CASH	S&P/NZX 90 Day Bank Bills
OVERSEAS FIXED INTEREST (HEDGED)	Bloomberg Global Agg



This document has been prepared and published by Mercer (N.Z.) Limited (Mercer). The document has been published as a general information service and does not take account of the investment objectives, financial situation and/or particular needs of any person. Before making any investment decision, you should consider, with or without the assistance of an adviser, whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Neither Mercer or any related party accepts any responsibility for any inaccuracy. Past performance is no guarantee or indicator of future performance.

Mercer (N.Z.) Limited