

# MONTHLY REPORT

## MERCER COMMENTARY

After a pause in June, global share markets resumed their upward climb in July. In the US, which has the largest trading economy, sentiment remained positive. This is despite confidence declining in Donald Trump's ability to implement his pro-growth campaign promises.

Globally, the MSCI World index delivered positive returns, rising by +1.4% during the month of July. Global shares reached record highs and the VIX index (a measure of expected market volatility) fell to its lowest level since 1993. Emerging markets had a stellar month, returning 4.9% in local currency terms, well ahead of developed markets.

New Zealand shares performed well in July, increasing by +1.1% during the month. It was a great month for the Consumer Staples and Technology sectors which performed well, while performance of the Energy and Telecommunication Services sectors kept returns down. Over in Australia, the ASX 200 was flat for the period, with performance being hurt by the recent credit downgrades of Australia's "big 4" banks.

Global Listed Property and Global Listed Infrastructure both rose over the month, returning +0.9% and +1.5% respectively. Both of these sectors benefited from a slight fall in global bond yields during July. The recent release of positive construction spending reports supported returns in the Listed Infrastructure sector.

## SIGNIFICANT RECENT ITEMS INCLUDE:



### ▼ COMMODITY CURRENCIES

Commodity currencies such as the Australian, Canadian and New Zealand Dollar were well supported over the month. The US dollar remained under downward pressure; with the major currency trade-weighted-index (TWI) down for the fifth consecutive month.

### ▼ UNITED STATES

The US Senate blocked yet another attempt to repeal and replace Obamacare. This raised further doubts over the ability of the Republican Party to implement the policies promised by Trump throughout the campaign, namely tax reform and infrastructure spending.

### ▼ NEW ZEALAND

Andrew Little, the leader of the Labour Party, was forced on to the back-foot following a succession of polls that had Labour languishing in the early twenties. Andrew Little subsequently resigned and Jacinda Ardern was announced as the new leader of the party, hoping to turn around Labour's fortunes before the upcoming election.

# INVESTMENT RETURNS

## MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.53%	2.06%
	Conservative	0.25%	2.89%	5.10%
	Moderate	0.36%	3.86%	na
	Balanced	0.50%	5.79%	8.06%
	Growth	0.61%	7.93%	na
	High Growth	0.71%	9.33%	10.92%
	Shares	0.62%	10.78%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	1.75%	2.45%
	Conservative	0.27%	3.08%	5.74%
	Moderate	0.39%	4.19%	na
	Balanced	0.56%	6.21%	8.82%
	Growth	0.67%	8.44%	na
	High Growth	0.78%	10.01%	11.70%
	Shares	0.69%	11.47%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.15%	1.89%	2.65%
	Conservative	0.28%	3.24%	6.11%
	Moderate	0.40%	4.42%	na
	Balanced	0.59%	6.47%	9.22%
	Growth	0.74%	8.88%	na
	High Growth	0.82%	10.41%	12.10%
	Shares	0.82%	11.89%	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	0.07%	1.17%	1.73%
	Conservative	0.19%	2.44%	4.89%
	Moderate	0.30%	3.62%	6.79%
	Balanced	0.47%	5.51%	8.09%
	Growth	0.59%	7.74%	9.42%
	High Growth	0.68%	9.08%	11.01%
	Shares	0.59%	10.54%	13.79%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.08%	1.32%	1.94%
	Conservative	0.21%	2.63%	5.38%
	Moderate	0.33%	3.82%	7.33%
	Balanced	0.51%	5.85%	8.59%
	Growth	0.64%	8.26%	10.01%
	High Growth	0.72%	9.54%	11.48%
	Shares	0.70%	11.20%	14.29%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.09%	1.42%	2.08%
	Conservative	0.22%	2.65%	5.69%
	Moderate	0.35%	4.08%	7.60%
	Balanced	0.54%	6.07%	8.94%
	Growth	0.68%	8.45%	10.30%
	High Growth	0.77%	9.96%	11.88%
	Shares	0.74%	11.68%	14.58%

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

# INVESTMENT RETURNS

## MERCER FLEXISAVER

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	6 MONTHS	12 MONTHS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.09%	0.59%	1.10%
	Conservative	0.13%	2.39%	2.06%
	Moderate	0.30%	3.30%	3.40%
	Balanced	0.48%	4.53%	5.22%
	Growth	0.61%	6.03%	7.66%
	High Growth	0.68%	6.88%	8.86%
	Shares	0.60%	8.21%	10.19%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	6 MONTHS	12 MONTHS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	0.78%	1.49%
	Conservative	0.26%	2.83%	2.40%
	Moderate	0.36%	3.56%	3.62%
	Balanced	0.53%	4.88%	5.85%
	Growth	0.66%	6.10%	8.13%
	High Growth	0.68%	6.91%	9.07%
	Shares	0.71%	8.51%	10.79%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	6 MONTHS	12 MONTHS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	0.81%	1.45%
	Conservative	0.26%	2.99%	2.79%
	Moderate	0.39%	3.59%	3.56%
	Balanced	0.56%	4.93%	6.03%
	Growth	0.71%	6.33%	8.57%
	High Growth	0.79%	7.19%	9.72%
	Shares	0.79%	8.60%	11.25%

### 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.

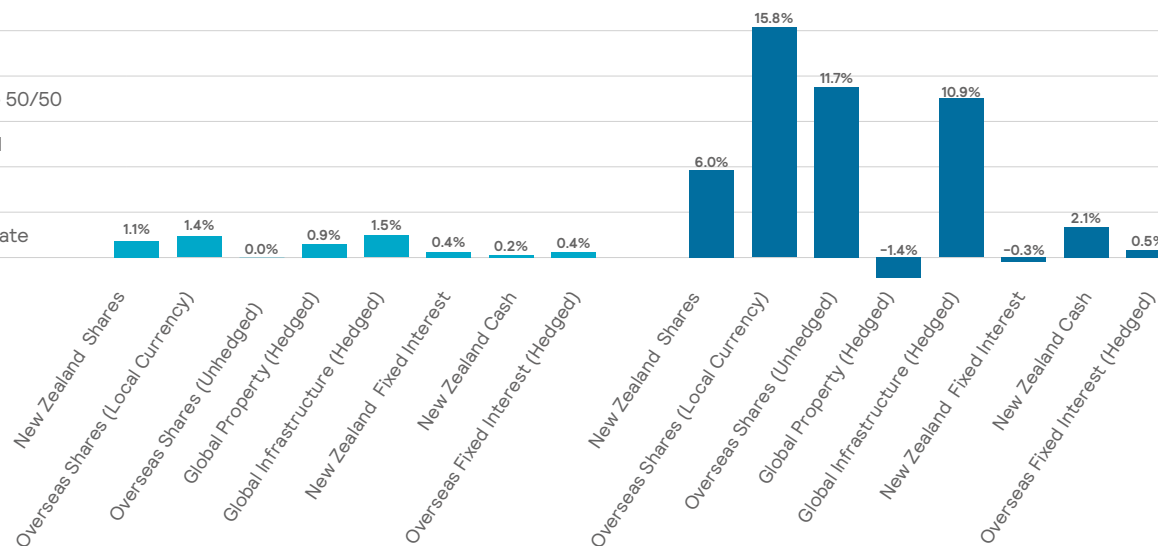
# FINANCIAL MARKETS

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	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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