

FOR PERIODS ENDED 30 APRIL 2017

# MONTHLY REPORT

## MERCER COMMENTARY

It was yet another month dominated by political headlines. In the US, Democratic backlash erupted in response to Trump's corporate tax cut announcement. While the proposed cut aims to unleash economic growth for businesses, critics believe it will only enhance the wealth of the rich. Across the Atlantic, Brits will go to the polls again in June, and France is poised for the next instalment of the battle between pro-European and populist/nationalist ideologies.

Despite continued political unrest, global share and bond markets rose during April. Developed markets, including Australia, Canada, Japan and the US, delivered mostly positive return, with only the UK market declining (-1.3%, in GBP). The MSCI World Index rose +1.2% in local currency terms. Unhedged investors benefited from the weakening New Zealand dollar, earning +3.3%. Emerging markets outperformed developed markets over the month, returning +2.3% (in local currency terms).

Locally, New Zealand Shares and Government Bonds performed well, returning +2.5% and +0.8% respectively over the month. Global Aggregate Bonds and Global Government Bonds also rose over the month, up +0.8% and +0.7% respectively. Global Listed Property (+1.1%) and Global Listed Infrastructure (+1.7%) returns were also positive.

MAKE TOMORROW, TODAY



SELECTED MARKET INDICATORS FOR PERIODS ENDED 30 APRIL 2017

## SIGNIFICANT RECENT ITEMS INCLUDE:



### ▼ FRANCE / EUROPE

The 2017 French presidential election was held on 23 April and 7 May 2017. As no candidate won a majority in the first round on 23 April, a run-off was held between the top two candidates, Emmanuel Macron, (pro-European Union) newcomer and Marine Le Pen, far-right “populist”. With Macron winning by a decisive margin on 7 May, making him the youngest head of state.

The European Central Bank continues to hold its benchmark interest rate at 0%. Despite Eurozone inflation rising to near a 4-year high, the bank believes that current economic data doesn’t support a rate increase.

### ▼ UNITED KINGDOM

British Prime Minister, Theresa May, called for an early snap election to be held on 8 June, stating that securing a stable and strong leadership is necessary in order to see the country through Brexit.

### ▼ UNITED STATES

The US Federal Reserve left its target rate unchanged in its review just after month end, while signaling that a rate hike in June is still likely despite US growth coming in below expectations in the first quarter.

### ▼ NEW ZEALAND

New Zealand’s annual inflation rate reached its highest level since 2011, up 2.2% for the year to 31 March 2017.

# INVESTMENT RETURNS

## MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.59%	1.88%	2.14%	2.11%	2.08%
	Conservative	4.37%	4.10%	5.12%	4.82%	5.20%
	Moderate	5.68%	4.58%	na	na	na
	Balanced	8.20%	5.90%	7.51%	7.46%	7.90%
	Growth	10.84%	7.07%	na	na	na
	High Growth	12.70%	8.27%	9.97%	10.17%	10.60%
	Shares	14.74%	9.18%	na	na	na

MERCER-MANAGED INVESTMENT OPTIONS		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.81%	2.15%	2.44%	2.47%	2.48%
	Conservative	4.62%	4.46%	5.60%	5.40%	5.81%
	Moderate	6.03%	4.91%	na	na	na
	Balanced	8.64%	6.29%	7.98%	8.07%	8.60%
	Growth	11.34%	7.46%	na	na	na
	High Growth	13.30%	8.56%	10.42%	10.78%	11.32%
	Shares	15.30%	9.31%	na	na	na

MERCER-MANAGED INVESTMENT OPTIONS		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.96%	2.34%	2.65%	2.67%	2.68%
	Conservative	4.80%	4.67%	5.87%	5.73%	6.16%
	Moderate	6.32%	5.22%	na	na	na
	Balanced	8.93%	6.51%	8.23%	8.37%	8.97%
	Growth	11.68%	7.62%	na	na	na
	High Growth	13.57%	8.66%	10.54%	10.97%	11.68%
	Shares	15.56%	9.56%	na	na	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 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.25%	1.58%	1.73%	1.80%	1.75%
	Conservative	3.89%	3.79%	4.76%	4.61%	4.89%
	Moderate	5.40%	4.56%	6.23%	6.31%	6.70%
	Balanced	7.92%	5.75%	7.32%	7.49%	7.95%
	Growth	10.65%	7.20%	8.75%	8.83%	9.25%
	High Growth	12.34%	8.18%	9.88%	10.32%	10.71%
	Shares	14.54%	9.22%	11.64%	12.73%	13.30%

MERCER-MANAGED INVESTMENT OPTIONS		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.41%	1.80%	1.96%	2.02%	1.97%
	Conservative	4.18%	4.04%	5.06%	5.05%	5.35%
	Moderate	5.69%	4.73%	6.53%	6.74%	7.21%
	Balanced	8.24%	5.99%	7.63%	7.93%	8.39%
	Growth	11.07%	7.30%	8.98%	9.28%	9.76%
	High Growth	12.75%	8.25%	10.01%	10.59%	11.12%
	Shares	14.94%	9.32%	11.88%	13.06%	13.76%

MERCER-MANAGED INVESTMENT OPTIONS		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.50%	1.95%	2.11%	2.16%	2.11%
	Conservative	4.16%	4.17%	5.32%	5.32%	5.62%
	Moderate	6.01%	4.94%	6.67%	6.95%	7.44%
	Balanced	8.42%	6.11%	7.83%	8.19%	8.71%
	Growth	11.17%	7.42%	9.10%	9.53%	10.02%
	High Growth	13.16%	8.47%	10.30%	10.88%	11.46%
	Shares	15.32%	9.42%	12.00%	13.21%	14.06%

### 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 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.18%	na	na	na	na
	Conservative	3.72%	na	na	na	na
	Moderate	5.25%	na	na	na	na
	Balanced	7.51%	na	na	na	na
	Growth	10.49%	na	na	na	na
	High Growth	12.27%	na	na	na	na
	Shares	13.98%	na	na	na	na

MERCER-MANAGED INVESTMENT OPTIONS		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.57%	na	na	na	na
	Conservative	3.83%	na	na	na	na
	Moderate	5.42%	na	na	na	na
	Balanced	8.20%	na	na	na	na
	Growth	11.03%	na	na	na	na
	High Growth	12.40%	na	na	na	na
	Shares	14.38%	na	na	na	na

MERCER-MANAGED INVESTMENT OPTIONS		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	1.46%	na	na	na	na
	Conservative	4.30%	na	na	na	na
	Moderate	5.36%	na	na	na	na
	Balanced	8.48%	na	na	na	na
	Growth	11.30%	na	na	na	na
	High Growth	12.78%	na	na	na	na
	Shares	14.81%	na	na	na	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, 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.

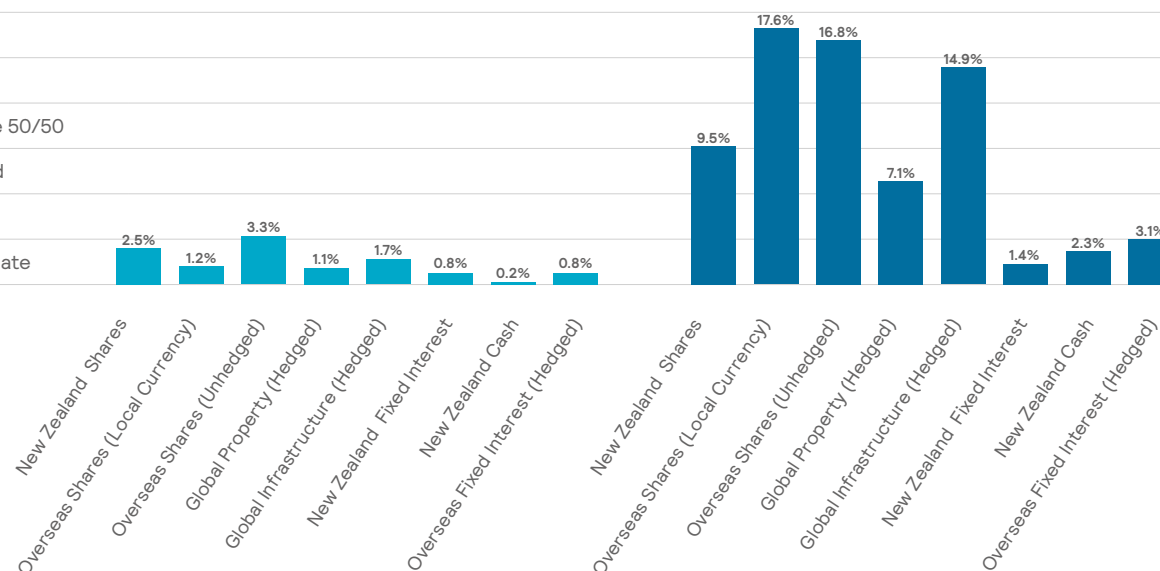
# FINANCIAL MARKETS

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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