



AS Kiwi as...

Saving for retirement the Kiwi way

KiwiSaver turns **10** years

SECTION ONE DETAILS OF SCHEME	2	SECTION FIVE CHANGES TO PERSONS INVOLVED IN THE SCHEME	10
SECTION TWO INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS	5	SECTION SIX HOW TO FIND FURTHER INFORMATION	11
SECTION THREE CHANGES RELATING TO THE SCHEME	6	SECTION SEVEN CONTACT DETAILS AND COMPLAINTS	13
SECTION FOUR OTHER INFORMATION FOR A KIWISAVER SCHEME	7		

MESSAGE FROM MARTIN

This year has certainly been eventful in New Zealand and globally. Now is a great time to reflect on a few of the milestones we achieved together.

Celebrating 10 years of KiwiSaver

As you can see from the theme of this Annual Report, KiwiSaver is 10 years old this year. It is great to know that around 2.7 million New Zealanders are enjoying the benefits of KiwiSaver and many, like you, are celebrating success by being a part of the Mercer KiwiSaver scheme.

Our default investment fund was recently rated number one by interest.co.nz. It delivered the highest returns of any default fund of the Government appointed default providers since KiwiSaver launched.

Commitment to socially responsible investment

At Mercer we believe a sustainable investment approach is more likely to create and preserve long-term investment capital.

We are committed to this policy and as such have recently updated our investment strategy to divest from companies we believe could cause harm to society and the environment.

Keeping fees down

KiwiSaver fees have received a lot of needed attention. We continue to review our costs and fees to ensure you are getting value and your KiwiSaver grows quicker.

This report covers all the legal information we must report each year, but we also wanted to ensure you can access additional information if required and be able to do it on the go. We again have developed a digital report to enhance your experience. You can visit www.myannualreport.co.nz/mks2017 to access additional content.

It's a pleasure and a privilege to provide you with our annual report. Thank you for partnering with Mercer. Our team looks forward to helping you retire with more.



Martin Lewington
Mercer NZ CEO and Director
of Mercer (N.Z.) Limited



SECTION ONE

DETAILS OF SCHEME

Name of the scheme: Mercer KiwiSaver scheme

Type of scheme: KiwiSaver

Manager: Mercer (N.Z.) Limited

Supervisor: Trustees Executors Limited

Product Disclosure Statement: The current product disclosure statement for the scheme is dated 4 November 2016 and is open for applications.

Fund Updates: A fund update for each of the seven investment funds for the quarter ended 30 June 2017 was made publically available on 28 July 2017.

Financial Statements and Auditor's Report:

The latest full financial statements for the scheme that comply with, and have been registered under, the Financial Markets Conduct Act 2013 cover the financial year 1 April 2016 to 31 March 2017 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 24 July 2017.

The auditor's report on those financial statements was dated 24 July 2017. The auditor's report did not refer to any fundamental uncertainty, and nor was it qualified or modified in any respect.



SCHEME SNAPSHOT

as at 31 March 2017

▶ **96,807**

members

▶ **\$1.57B**

invested

▶ **\$16,253** average
member
balance

▶ **23%** made an active
investment
choice

▶ **\$399** average
member
tax credit

▶ **75%** contributed
during
the year



CONTRIBUTIONS

Contributions are what helps you grow your retirement savings, and contributions to your account can come from you, your employer and from the Government.

HOW CONTRIBUTIONS WORK

- ▶ You can choose to contribute 3%, 4% or 8% from your before-tax salary or wages.
- ▶ You can also make voluntary additional contributions directly to the Mercer KiwiSaver scheme from your online banking. This is great if you are self-employed or are on a contributions holiday and want to maximise your member tax credits. This is also an option for children in the scheme.
- ▶ Employers must contribute a minimum of 3% of your before-tax salary or wages, but may also contribute at other rates. An employer generally needs to contribute only when you are contributing from your pay if you are aged between 18 and 65.
- ▶ The Government may contribute to your account through member tax credits, if you're eligible.

SECTION TWO

INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

MEMBERSHIP DETAILS	CONTRIBUTING MEMBERS	NON CONTRIBUTING MEMBERS	TOTAL NUMBER OF MEMBERS	MEMBERS' ACCUMULATION
TOTAL MEMBERSHIP AT 1 APRIL 2016	58,585	40,718	99,303	\$1,397,937,118
PLUS				
New members			7,821	
Members transferring from other schemes			119	
TOTAL NEW MEMBERS			7,940	
LESS				
Retirement			685	
Death			198	
Transfers to other KiwiSaver schemes			8,913	
Transfers to Australian Super schemes			3	
Other exits			637	
TOTAL EXITS			10,436	
TOTAL MEMBERSHIP AT 31 MARCH 2017	56,296	40,511	96,807	\$1,573,494,335

CONTRIBUTIONS

MADE DURING THE YEAR ENDED 31 MARCH 2017

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Member contributions	72,645	\$125,682,455
Member voluntary additional contributions		\$38,763,048
- General member voluntary additional contributions	4,463	\$12,108,535
- Transfer-in contributions	404	\$12,160,704
Employer or other sponsor contributions		\$103,148,599
- Employer contributions	72,412	\$76,546,255
- Member tax credits	66,627	\$26,602,344
TOTAL CONTRIBUTIONS		\$253,100,293

SOCIALLY RESPONSIBLE INVESTMENT UPDATE

At Mercer, our mission is to make a difference in people's lives. We strive to "Make Tomorrow, Today" by helping our clients and customers advance their health, wealth and careers. We believe a sustainable investment approach is more likely to create and preserve long-term investment capital.

As part of this, Mercer has updated our Responsible Investment Policy, which covers Sustainable Investment, Ethical Investment and Corporate Governance. This policy is available for downloading on www.mercerfinancialservices.co.nz website or visit the digital annual report at www.myannualreport.co.nz/mks2017.

We have worked extensively with our Responsible Investment Team, Clients and Board to broaden the ethical exclusions component of the policy.

WHAT HAS CHANGED?

A robust framework has been developed which will see Mercer divest from companies we believe could cause substantial and irreparable harm to society and the environment. This will include companies manufacturing tobacco products, in addition to the existing exclusions for controversial weapons.

We consider a range of criteria when making this assessment, including whether the risk/return implications of excluding such companies is expected to be significant.

SECTION THREE

CHANGES RELATING TO THE SCHEME

Trust Deed

There were no amendments to the trust deed during the year.

Terms of Offer of Interests in the Scheme

There have been no changes to the terms of offer of interests in the scheme during the year.

Statement of Investment Policy and Objectives of the scheme

A section on risks was removed as key risks have been summarised in a separate document called Risk Summary available at www.companiesoffice.govt.nz/disclose and benchmark indices were updated to reflect index name changes.

Related Party Transactions

There were no changes to the nature or scale of the related party transactions. All related party transactions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.



SECTION FOUR

OTHER INFORMATION FOR A KIWISAVER SCHEME

PERFORMANCE

Whether you're an aggressive investor with an appetite for risk, the type who likes to play it safe or somewhere in between, we've got an investment option for you.

See how the options performed during the year on the next page and for longer-term investment performance, please visit

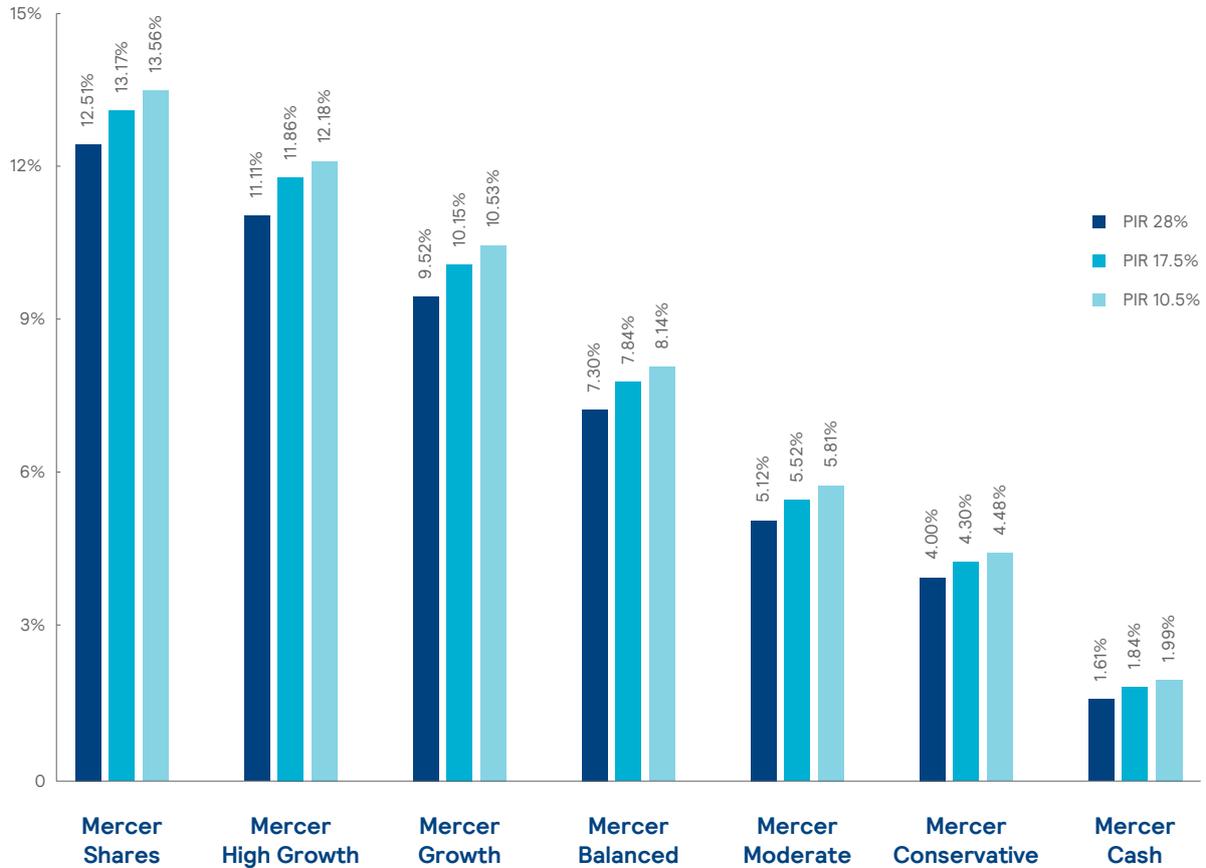
www.myannualreport.co.nz/mks2017.

The investment returns are shown after fund fees (excluding membership fees) and after tax at the Prescribed Investor Rate (PIR) indicated.

It's important to note that investment returns shown don't tell you how the investment options will perform in the future.

Your individual returns within an investment portfolio will depend on timing of contribution payments and actual fees charged, allowing for any fee rebates. The returns shown are therefore indicative of investment results but may differ from the actual after fees and tax returns achieved by you.

1 YEAR RETURNS AS AT 31 MARCH 2017 (AFTER TAX AND FEES)



UNIT PRICES

TYPE	AT 1 APRIL 2016*			AT 31 MARCH 2017		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Mercer Shares	1.0362	1.0334	1.0392	1.1658	1.1695	1.1801
Mercer High Growth	1.1979	1.2412	1.5931	1.331	1.3884	1.7871
Mercer Growth	1.0327	1.0359	1.0422	1.131	1.141	1.152
Mercer Balanced	1.2833	1.328	1.5024	1.377	1.4321	1.6248
Mercer Moderate	1.0361	1.0378	1.0433	1.0892	1.095	1.1039
Mercer Conservative	1.4109	1.459	1.4001	1.4674	1.5217	1.4628
Mercer Cash	1.2726	1.3176	1.1991	1.2931	1.3418	1.223

*Opening price as at 1 April 2016, is the closing price on 31 March 2016

WITHDRAWALS MADE DURING THE YEAR ENDED 31 MARCH 2017

	NUMBER OF MEMBERS	TOTAL AMOUNT
Retirement	1,717	\$21,407,921.39
Transfers to other KiwiSaver schemes	8,913	\$104,061,536.08
Other Benefits	546	\$679,869.64
Death and serious illness	212	\$3,457,128.12
Significant financial hardship	412	\$2,000,164.50
First home withdrawal	975	\$20,139,476.08
Permanent emigration	96	\$1,411,587.92
Transfers to Australian superannuation schemes	3	\$57,087.20
TOTAL WITHDRAWALS	12,874	\$153,214,770.93

MANAGER'S ANNUAL STATEMENT

As the manager of the Mercer KiwiSaver scheme, we confirm that for the year ended 31 March 2017:

- ▶ all the benefits required to be paid from the scheme in accordance with the terms of the governing document and the KiwiSaver scheme rules have been paid;
- ▶ the market value of the scheme property at the close of the financial year 31 March 2017 equalled or exceeded the total value of the benefits that would have been payable had all members of the scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.



Martin Lewington
Mercer (N.Z.) Limited
31 July 2017



SECTION FIVE

CHANGES TO PERSONS INVOLVED IN THE SCHEME

There were no changes to the manager, the supervisor, administration manager, investment manager, securities registrar, custodian or auditor of the scheme.

There were no changes to the key personnel or the directors of the manager.

There was a change to the directors of the supervisor. Peter Metz 'stepped down' (resigned) as director on 6 May 2016 and Paul Hocking 'stepped down' (resigned) as a director on 7 December 2016.

MEET THE TEAM



Sarah Whitelock

Sarah is the Consumer Wealth Leader, based in Wellington. Sarah has been with Mercer for 18 years.



Nicky Burns

Nicky is the Administration Leader and has been with Mercer for 17 years.



Philip Houghton-Brown

Philip is the Chief Investments Officer and has been with Mercer for 5 years. Philip is based in Auckland.



Glenys Wilson

Glenys is the Education Manager and a QFE adviser, based in Wanaka. Glenys has been with Mercer for 16 years.



Tatiana Mes

Tatiana is the Marketing and Communications Manager, based in Auckland, and has been with Mercer for 9 years.

FURTHER INFORMATION

There are lots of useful sources of further information to help you plan for your future and save for retirement. Here is a list of things you may want to check out.

Our Retirement Income Simulator

is the only tool you'll need to help you stay on track and plan for your retirement.
www.retirementsimulator.co.nz

Mercer Magazine is a leading source of information on health, wealth and career, which we believe are integral to helping you get the most out of life.
www.mercermagazine.co.nz

The Scheme's website contains a lot of information to help you maximise your membership in the scheme, including useful articles, documents and forms. You can also sign in to your personal account to view information about your account.
www.mercerfinancialservices.co.nz

SECTION SIX

HOW TO FIND FURTHER INFORMATION

Information relating to the Mercer KiwiSaver scheme, for the offer register and the scheme register can be found at www.companiesoffice.govt.nz/disclose.

The scheme register includes the financial statements, trust deed and statement of policy and objectives.

The offer register includes the product disclosure statement for the scheme, information relating to membership and the funds within the scheme. It also includes fund updates and other material information.

Information relating to the scheme, such as fund updates, annual report, current product disclosure statement and other useful information is available at www.mercerfinancialservices.co.nz. You can also call us on 0508 637 237 to request this information.

All the information can be obtained from us without charge.



AS kiwi as...

CONNECT

SECTION SEVEN

CONTACT DETAILS AND COMPLAINTS

Manager

Mercer (N.Z.) Ltd
151 Queen Street
PO Box 105591
Auckland 1143
0508 637 237

Supervisor

Trustees Executors Ltd
Level 7
51 Shortland Steet
PO Box 4197
Auckland 1140
0800 809 962

Privacy Officer

Mercer (N.Z.) Ltd
Attn: Privacy Officer
151 Queen Street
PO Box 105591
Auckland 1143
0508 637 237

How to complain

Please direct any complaints about your investment to Mercer at:

Mercer (N.Z.) Limited

151 Queen Street
PO Box 105591
Auckland 1143

Attn: Inquiries and Privacy Officer
Telephone: 0508 637 237
Email: NZ.Privacy@mercerc.com

If we are unable to resolve your complaint, you may choose to contact the supervisor at:

Trustees Executors Limited

Level 7, 51 Shortland Street
PO Box 4197
Auckland 1140

Attn: Client Services Manager -
Governance & Investor Oversight
Telephone: 09 308 7100

Mercer is a member of the Insurance and Financial Services Ombudsman Scheme (IFSO) and the supervisor is a member of Financial Services Complaints Limited (FSCL), both of which are approved dispute resolution schemes. The IFSO and FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

If you make a complaint to us and the complaint cannot be resolved, you may refer it to the IFSO subject to certain conditions being met.

You can contact:

IFSO
PO Box 10-845
Wellington 6143
0800 888 202

FSCL
PO Box 5967
Wellington 6145
0800 347 257

We'll do everything we can to resolve your query or complaint quickly.

If you do have a complaint please call us on 0508 637 237. Our administration team or the Complaints Officer will investigate it and respond to you as soon as possible.

Help is just a click or a call away, we would love to hear from you.



0508 637 237

We are here between 9am and 7pm, Monday to Friday, or leave us a message and we'll call you back.



Submit your query from your online account

www.mercerfinancialservices.co.nz



Mercer KiwiSaver scheme
PO Box 1849
Wellington



@Mercer_NZ

WANT TO KNOW MORE?



www.mercerfinancialservices.co.nz



0508 637 237



@Mercer_NZ

Disclaimer

Mercer (N.Z.) Limited is the manager of the Mercer KiwiSaver scheme and the issuer of this annual report. This annual report has been prepared by the Manager to meet its legislative obligations under the Financial Markets Conduct Regulations 2014, and the KiwiSaver Act 2006. The information contained in this annual report is of a general nature only and does not take into account the personal objectives, financial situation or financial goals of individual members. Accordingly, before making any decisions, you should consider the information in light of your own objectives, financial situation and needs and read and consider the current product disclosure statement. It is also recommended that you obtain advice from an authorised financial adviser. A copy of the current product disclosure statement is available on the website www.mercerfinancialservices.co.nz or by calling the Helpline on **0508 637 237**. You should be aware that the value of an investment in the Mercer KiwiSaver scheme may rise and fall from time to time. Neither Mercer, nor Trustees Executors Limited, MMC Inc. nor any member of the worldwide Marsh and McLennan Group of Companies guarantees the investment performance, earnings or return of capital invested in any of the Mercer KiwiSaver scheme investment options. The investment returns shown in this annual report do not take into account the unique characteristics that apply to each member (such as timing of cashflow). As a result, the actual returns applying to a particular member are different from the investment returns shown. You should also remember that past performance should not be relied upon as an indicator of future performance.

MAKE TOMORROW, TODAY

