

SELECTED MARKET INDICATORS FOR PERIODS ENDED 30 NOVEMBER 2017

MONTHLY REPORT

MERCER COMMENTARY

After a bumper month in October, the majority of investment markets including Australia, New Zealand and the US also delivered positive returns in November.

The US market was boosted during the month in response to Trump Administration's tax bill successfully passing through the U.S. Senate Budget Committee. In contrast, Europe and the UK lagged other markets; tense Brexit negotiations and the struggle to form a coalition government in Germany negatively impacted on the region's markets. Towards month end North Korea launched yet another ballistic missile, putting further strain on international relations.

The New Zealand market eased off in November, with the NZX50 Index returning a more modest +0.6% for the month, the lowest monthly return this calendar year. Previous drivers of growth A2 Milk, Spark and Xero all had negative returns in November, contributing to the weaker return overall. In Australia, the ASX200 Index continued to recover, delivering a +1.6% return for the month.

The MSCI World index (in local currency) delivered +1.6% for the month. Positive business sentiment and earnings growth continues to support share markets, with most major markets now experiencing sustained economic growth. Over the past year emerging market shares (comprised of countries like Brazil, Russia, India and China) were up 37.2% in New Zealand Dollar terms, however these lagged developed markets (which were buoyed by a strong performance from US Shares, which comprise more than half the index) this month, delivering a flat return to investors.

MAKE TOMORROW, TODAY



SIGNIFICANT RECENT ITEMS INCLUDE:



▼ UNITED KINGDOM

The UK's official bank rate was lifted from 0.25% to 0.5%, the decision supported by record-low unemployment, rising inflation and stronger global economic growth. It is the first increase for more than 10 years, with two more rises anticipated over the next three years. While generally not regarded as good news for borrowers, increasing interest rates signifies an improving economy.

▼ SOUTH KOREA

South Korea's central bank raised interest rates for the first time in six years. The rise to 1.50%, up 0.25%, ended a prolonged easing cycle as a sustained export boom has lifted economic growth.

▼ UNITED STATES

After last-minute negotiations to get some Republican senators across the line, the US tax bill made it through the full Senate with a narrow majority. Those in favour of the bill are seeking to sign it into law by Christmas, which could see the reforms take effect from 1 January. The tax bill will be welcomed by the private sector as is largely viewed as positive for companies (though less positive for the levels of US government debt).

▼ NEW ZEALAND

In New Zealand, the dollar continued to fall against the Euro (-2.1%), British pound (-1.7%) and Japanese yen (-1.3%), but stabilised against the US dollar (+0.2%) and strengthened against the Australian dollar (+1.2%).

INVESTMENT RETURNS

MERCER KIWISAVER SCHEME

| MERCER-MANAGED INVESTMENT OPTIONS | | 1 MONTH | 1 YEAR | 5 YEARS |
|------------------------------------|--------------|---------|--------|---------|
| 28% PRESCRIBED INVESTOR RATE (PIR) | Cash | 0.11% | 1.49% | 2.03% |
| | Conservative | 0.52% | 6.09% | 5.16% |
| | Moderate | 0.58% | 8.08% | na |
| | Balanced | 0.79% | 11.90% | 8.34% |
| | Growth | 1.01% | 15.83% | na |
| | High Growth | 1.16% | 18.99% | 11.58% |
| | Shares | 1.44% | 23.14% | na |

| MERCER-MANAGED INVESTMENT OPTIONS | | 1 MONTH | 1 YEAR | 5 YEARS |
|--------------------------------------|--------------|---------|--------|---------|
| 17.5% PRESCRIBED INVESTOR RATE (PIR) | Cash | 0.13% | 1.70% | 2.40% |
| | Conservative | 0.56% | 6.33% | 5.76% |
| | Moderate | 0.62% | 8.36% | na |
| | Balanced | 0.84% | 12.14% | 9.01% |
| | Growth | 1.04% | 15.97% | na |
| | High Growth | 1.20% | 19.21% | 12.27% |
| | Shares | 1.48% | 23.37% | na |

| MERCER-MANAGED INVESTMENT OPTIONS | | 1 MONTH | 1 YEAR | 5 YEARS |
|--------------------------------------|--------------|---------|--------|---------|
| 10.5% PRESCRIBED INVESTOR RATE (PIR) | Cash | 0.14% | 1.84% | 2.59% |
| | Conservative | 0.58% | 6.49% | 6.10% |
| | Moderate | 0.65% | 8.53% | na |
| | Balanced | 0.87% | 12.24% | 9.36% |
| | Growth | 1.09% | 16.15% | na |
| | High Growth | 1.23% | 19.28% | 12.57% |
| | Shares | 1.50% | 23.44% | 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 | 0.08% | 1.11% | 1.71% |
| | Conservative | 0.48% | 5.55% | 4.95% |
| | Moderate | 0.56% | 7.81% | 6.83% |
| | Balanced | 0.77% | 11.65% | 8.36% |
| | Growth | 0.98% | 15.62% | 9.95% |
| | High Growth | 1.11% | 18.77% | 11.68% |
| | Shares | 1.43% | 23.11% | 14.50% |

| MERCER-MANAGED INVESTMENT OPTIONS | | 1 MONTH | 1 YEAR | 5 YEARS |
|--------------------------------------|--------------|---------|--------|---------|
| 17.5% PRESCRIBED INVESTOR RATE (PIR) | Cash | 0.10% | 1.26% | 1.91% |
| | Conservative | 0.57% | 5.85% | 5.41% |
| | Moderate | 0.60% | 7.98% | 7.33% |
| | Balanced | 0.81% | 11.77% | 8.81% |
| | Growth | 1.03% | 15.77% | 10.44% |
| | High Growth | 1.17% | 18.71% | 12.06% |
| | Shares | 1.44% | 23.12% | 14.89% |

| MERCER-MANAGED INVESTMENT OPTIONS | | 1 MONTH | 1 YEAR | 5 YEARS |
|--------------------------------------|--------------|---------|--------|---------|
| 10.5% PRESCRIBED INVESTOR RATE (PIR) | Cash | 0.10% | 1.36% | 2.05% |
| | Conservative | 0.54% | 5.92% | 5.69% |
| | Moderate | 0.62% | 8.08% | 7.55% |
| | Balanced | 0.83% | 11.86% | 9.10% |
| | Growth | 1.06% | 15.66% | 10.69% |
| | High Growth | 1.19% | 18.75% | 12.37% |
| | Shares | 1.46% | 23.25% | 15.13% |

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 | 6 MONTHS | 12 MONTHS |
|------------------------------------|--------------|---------|----------|-----------|
| 28% PRESCRIBED INVESTOR RATE (PIR) | Cash | 0.09% | 0.55% | 1.13% |
| | Conservative | 0.51% | 2.49% | 5.27% |
| | Moderate | 0.52% | 3.51% | 7.64% |
| | Balanced | 0.74% | 5.30% | 11.34% |
| | Growth | 0.98% | 7.12% | 15.63% |
| | High Growth | 1.09% | 8.52% | 18.40% |
| | Shares | 1.44% | 10.63% | 22.69% |

| MERCER-MANAGED INVESTMENT OPTIONS | | 1 MONTH | 6 MONTHS | 12 MONTHS |
|--------------------------------------|--------------|---------|----------|-----------|
| 17.5% PRESCRIBED INVESTOR RATE (PIR) | Cash | 0.12% | 0.71% | 1.48% |
| | Conservative | 0.52% | 2.61% | 5.78% |
| | Moderate | 0.60% | 3.59% | 7.95% |
| | Balanced | 0.82% | 5.35% | 11.72% |
| | Growth | 1.02% | 7.10% | 15.68% |
| | High Growth | 1.17% | 8.44% | 18.43% |
| | Shares | 1.46% | 10.64% | 22.77% |

| MERCER-MANAGED INVESTMENT OPTIONS | | 1 MONTH | 6 MONTHS | 12 MONTHS |
|--------------------------------------|--------------|---------|----------|-----------|
| 10.5% PRESCRIBED INVESTOR RATE (PIR) | Cash | 0.09% | 0.66% | 1.41% |
| | Conservative | 0.54% | 2.70% | 5.98% |
| | Moderate | 0.63% | 3.71% | 7.92% |
| | Balanced | 0.84% | 5.33% | 11.81% |
| | Growth | 1.05% | 7.07% | 15.81% |
| | High Growth | 1.20% | 8.53% | 18.65% |
| | Shares | 1.46% | 10.65% | 22.99% |

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.

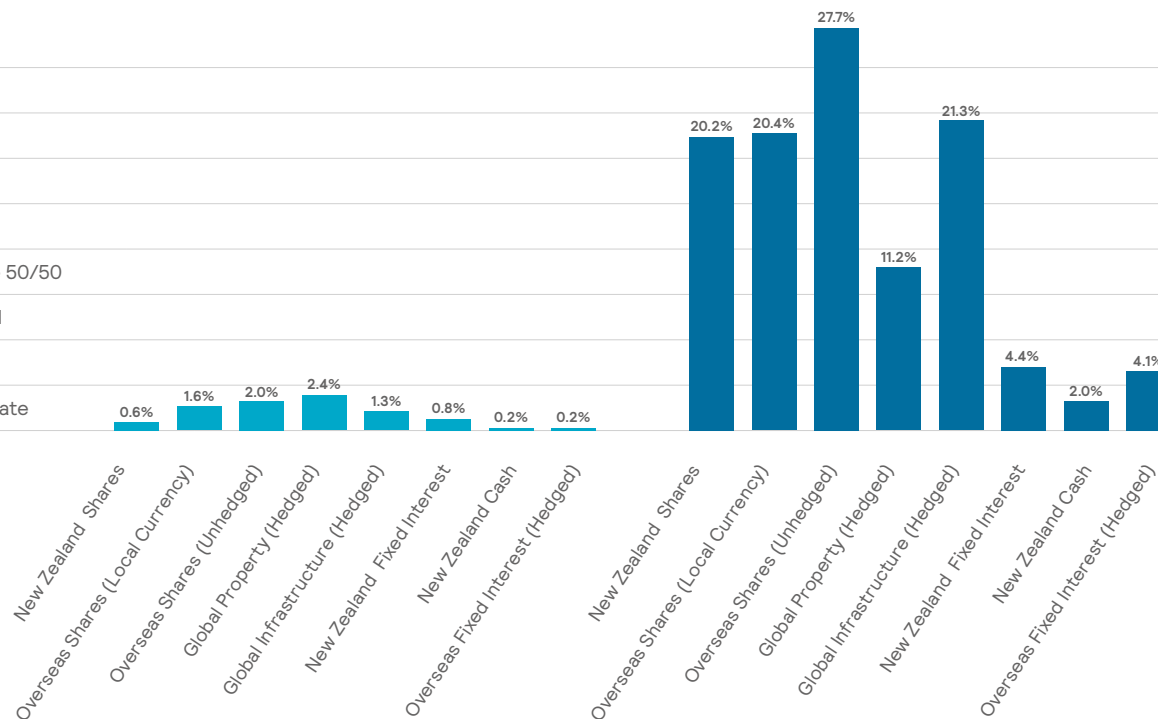
FINANCIAL MARKETS

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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