

MONTHLY REPORT

MERCER COMMENTARY

In a month that marked the 30th anniversary of the 1987 stockmarket crash, things couldn't have looked much different in October 2017, with little more than the New Zealand dollar falling in value over the month. Japanese shares led the way, boosted by the re-election of Prime Minister Shinzō Abe. Speculation over the appointment of a new US Federal Reserve Chair early in the New Year helped weigh down yields, contributing to positive returns from fixed interest markets.

The New Zealand market continued to make forward strides in October as the NZX50 reached all-time record levels, returning +2.8% for the month. A2 Milk (+34.8%) provided the most significant boost to the NZX50. In Australia the ASX 200 Index bounced back from a disappointing September, delivering a +4.0% return for the month.

The MSCI World index (in local currency) returned +2.5% for the month despite continued uncertainty in Europe (around the formation of the next German government and tensions in Catalonia) leading to volatility in the region's stockmarkets. Strong global growth, market expansion and currency appreciation continued to support emerging market equities, which outperformed developed markets.

Global Listed Property and Global Listed Infrastructure increased over the month, up +0.2% and +2.5% respectively. Both real asset sectors remain well behind the broader global equity market over 12 months. The latter has performed better due to improved inflation expectations and improving commodity prices.

SIGNIFICANT RECENT ITEMS INCLUDE:



▼ US

The US Federal Reserve confirmed its plans to begin unwinding its balance sheet in October by very gradually reducing reinvestments of treasuries and mortgage-backed securities from maturing securities.

▼ NEW ZEALAND

A coalition government between Labour and New Zealand First was established, led by Prime Minister Jacinda Ardern. The minority government is reliant on the support of the Green Party in order to command a majority in the House of Representatives. Market reaction was muted to the somewhat surprising announcement on 19 October, although it did contribute to the falling New Zealand dollar.

▼ SPAIN

Tensions remained high in Spain as the struggle over the independence of Catalonia continued. Prime Minister of Spain, Mariano Rajoy, dissolved the Parliament, dismissed the Government and called for a regional election for 21 December.

▼ JAPAN

Japanese Prime Minister Shinz Abe was re-elected prime minister as his Liberal Democratic Party-led coalition won and retained its supermajority in the House of Representatives.

INVESTMENT RETURNS

MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.13%	1.51%	2.04%
	Conservative	1.04%	5.41%	5.16%
	Moderate	1.47%	7.39%	na
	Balanced	2.28%	11.17%	8.35%
	Growth	3.08%	15.20%	na
	High Growth	3.66%	18.42%	11.56%
	Shares	4.50%	22.66%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.15%	1.72%	2.41%
	Conservative	1.01%	5.56%	5.75%
	Moderate	1.42%	7.62%	na
	Balanced	2.17%	11.38%	9.01%
	Growth	2.90%	15.36%	na
	High Growth	3.47%	18.67%	12.24%
	Shares	4.28%	22.85%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.17%	1.86%	2.61%
	Conservative	0.99%	5.69%	6.08%
	Moderate	1.38%	7.77%	na
	Balanced	2.08%	11.46%	9.36%
	Growth	2.79%	15.48%	na
	High Growth	3.34%	18.80%	12.54%
	Shares	4.18%	22.93%	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	0.10%	1.13%	1.72%
	Conservative	0.99%	4.89%	4.96%
	Moderate	1.47%	7.12%	6.86%
	Balanced	2.28%	10.92%	8.37%
	Growth	3.06%	15.01%	9.93%
	High Growth	3.67%	18.22%	11.67%
	Shares	4.54%	22.54%	14.52%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.28%	1.93%
	Conservative	0.96%	5.07%	5.41%
	Moderate	1.41%	7.23%	7.35%
	Balanced	2.15%	11.01%	8.81%
	Growth	2.89%	15.15%	10.42%
	High Growth	3.44%	18.18%	12.03%
	Shares	4.30%	22.59%	14.92%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.13%	1.38%	2.06%
	Conservative	0.95%	5.12%	5.68%
	Moderate	1.35%	7.31%	7.56%
	Balanced	2.07%	11.08%	9.09%
	Growth	2.74%	15.06%	10.65%
	High Growth	3.29%	18.25%	12.33%
	Shares	4.17%	22.78%	15.14%

Notes

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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	0.10%	0.55%	1.14%
	Conservative	0.97%	2.14%	4.55%
	Moderate	1.46%	3.15%	6.97%
	Balanced	2.24%	4.56%	10.60%
	Growth	3.06%	6.07%	14.96%
	High Growth	3.62%	7.15%	17.90%
	Shares	4.46%	8.61%	22.20%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	6 MONTHS	12 MONTHS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	0.74%	1.49%
	Conservative	0.93%	2.45%	5.04%
	Moderate	1.38%	3.31%	7.07%
	Balanced	2.10%	4.81%	10.95%
	Growth	2.93%	6.13%	15.09%
	High Growth	3.40%	7.25%	17.90%
	Shares	4.21%	8.78%	22.18%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	6 MONTHS	12 MONTHS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	0.70%	1.44%
	Conservative	0.94%	2.57%	5.18%
	Moderate	1.35%	3.44%	7.08%
	Balanced	2.00%	4.82%	11.03%
	Growth	2.76%	6.27%	15.22%
	High Growth	3.28%	7.45%	18.14%
	Shares	4.11%	8.94%	22.42%

Notes

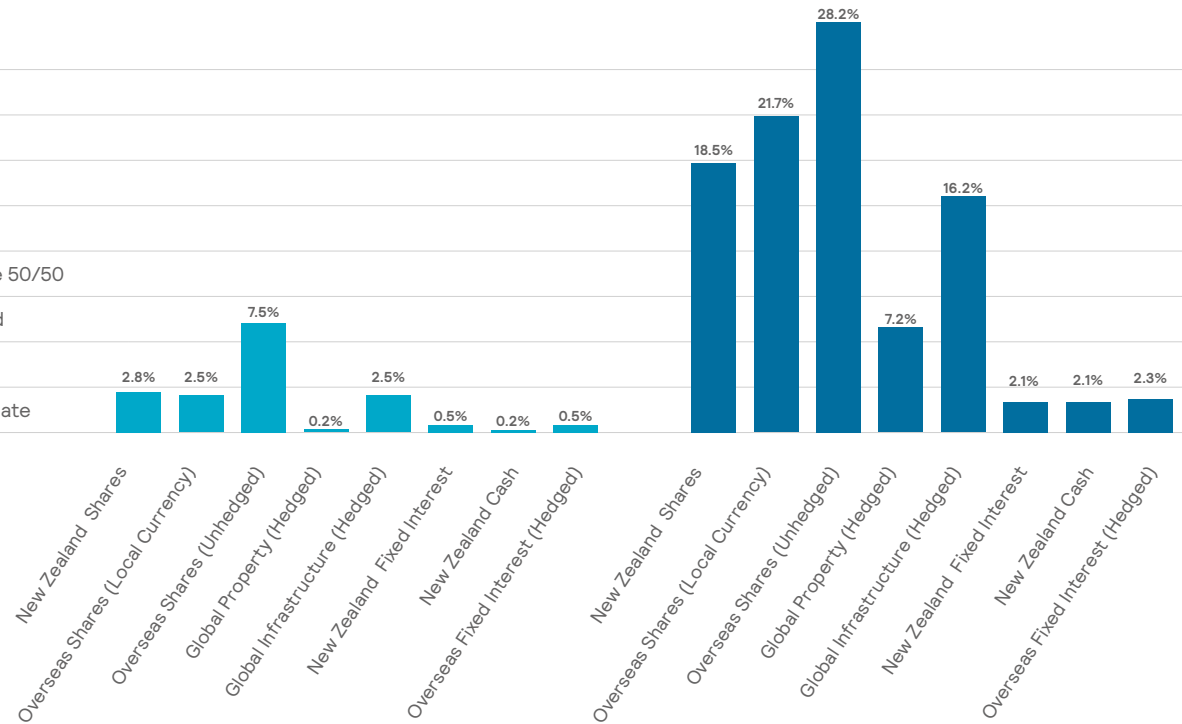
- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are net of tax at the rate indicated, net of investment management fees and net of any administration fees that are charged within the unit prices. Certain fund charges can vary between 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.
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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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