

# MONTHLY REPORT

## MERCER COMMENTARY

Overall the global share markets returned +0.3% in June, with several countries losing ground as investors reacted negatively to the latest global trade policies. The Trump administration announced another policy in June, in an attempt to defend the US from other countries trying to “steal their technology”. The policy aims to restrict overseas investors from investing in US companies, but in doing so, current investors in these companies are feeling uneasy about their prospects and potential growth in the long-term. Emerging Market countries such as China rely heavily on international trade and therefore have been hurt the most by the trade policy announcements and general uncertainty.

Globally, Consumer Staples companies, which produce things like food, beverages and household items, gained the most value over the month. In contrast, Industrial companies (construction and machinery) and Financial companies (banking) lost the most ground over the month. Emerging markets, which include China, lagged developed markets such as US and Australia over the month.

Policies considered to be anti-trade, like new tariffs may reduce international economic growth over time, thereby impacting on investments.

New Zealand shares delivered positive returns in June, outperforming all other major developed countries. In reaction to the current uncertainty in global companies, investors have moved money into the New Zealand share market, which is a relatively safe investment due to the large amount of stable dividends that New Zealand companies pay. Australian shares performed roughly in line with New Zealand over the month. The New Zealand share market continues to outpace the ASX (the Australian main share index) over 12 months by a reasonable margin.

## SIGNIFICANT RECENT ITEMS INCLUDE:



### ▼ CANADA

The Trump administration trade policies have negatively impacted many countries, including Canada. In retaliation, Canada's Minister of Foreign Affairs confirmed that tariffs on C\$16.6bn worth of U.S. goods would take effect on 1 July.

### ▼ US

The US crude oil price increased over the month, reaching almost US\$74 per barrel, its highest point since November 2014. Increasing oil prices are an indication of increasing inflation.

### ▼ CHINA

China's economy has been slowing down and the Trump administration trade policies have done no favours. In reaction, the People's Bank of China has announced that Chinese banks are required to hold fewer reserves, effectively allowing them to loan more money and hopefully boost their economy.

### ▼ EUROPE

The European Central Bank announced that it would slow down its bond purchasing program before it ends in December 2018. When central banks purchase bonds it helps boost the economy, the European Central Bank deciding to reduce this indicates that they have become more confident in the direction the European economy is heading.

# INVESTMENT RETURNS

## MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.48%	1.97%
	Conservative	0.53%	4.02%	4.97%
	Moderate	0.54%	5.16%	na
	Balanced	0.78%	7.46%	7.69%
	Growth	0.91%	9.45%	na
	High Growth	1.17%	11.70%	10.57%
	Shares	1.55%	14.08%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	1.68%	2.29%
	Conservative	0.52%	4.18%	5.49%
	Moderate	0.51%	5.31%	na
	Balanced	0.71%	7.61%	8.27%
	Growth	0.81%	9.60%	na
	High Growth	1.04%	11.76%	11.17%
	Shares	1.40%	14.03%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.15%	1.82%	2.47%
	Conservative	0.52%	4.28%	5.79%
	Moderate	0.49%	5.40%	na
	Balanced	0.66%	7.64%	8.57%
	Growth	0.74%	9.55%	na
	High Growth	0.98%	11.81%	11.42%
	Shares	1.38%	14.08%	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%	1.09%	1.64%
	Conservative	0.50%	3.55%	4.66%
	Moderate	0.51%	4.88%	6.28%
	Balanced	0.75%	7.13%	7.64%
	Growth	0.90%	9.26%	9.06%
	High Growth	1.13%	11.44%	10.63%
	Shares	1.57%	13.99%	12.68%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.25%	1.85%
	Conservative	0.50%	3.74%	5.08%
	Moderate	0.49%	5.04%	6.72%
	Balanced	0.69%	7.22%	8.08%
	Growth	0.80%	9.32%	9.52%
	High Growth	1.02%	11.41%	10.96%
	Shares	1.41%	13.87%	13.10%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.36%	1.98%
	Conservative	0.49%	3.80%	5.33%
	Moderate	0.47%	5.00%	6.89%
	Balanced	0.65%	7.19%	8.30%
	Growth	0.73%	9.24%	9.73%
	High Growth	0.94%	11.34%	11.26%
	Shares	1.33%	13.91%	13.30%

### 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	1 YEAR	2 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.10%	1.14%	1.14%
	Conservative	0.50%	3.52%	3.34%
	Moderate	0.51%	4.82%	4.87%
	Balanced	0.73%	7.02%	7.22%
	Growth	0.90%	9.30%	9.95%
	High Growth	1.14%	11.28%	11.96%
	Shares	1.54%	13.80%	14.33%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	2 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.47%	1.53%
	Conservative	0.50%	3.79%	3.58%
	Moderate	0.50%	5.04%	5.07%
	Balanced	0.72%	7.29%	7.69%
	Growth	0.79%	9.34%	10.22%
	High Growth	1.04%	11.40%	12.13%
	Shares	1.42%	13.84%	14.67%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	2 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.40%	1.42%
	Conservative	0.53%	3.81%	3.83%
	Moderate	0.47%	5.12%	5.09%
	Balanced	0.65%	7.28%	7.77%
	Growth	0.73%	9.34%	10.44%
	High Growth	0.95%	11.46%	12.41%
	Shares	1.33%	13.86%	14.89%

### 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.

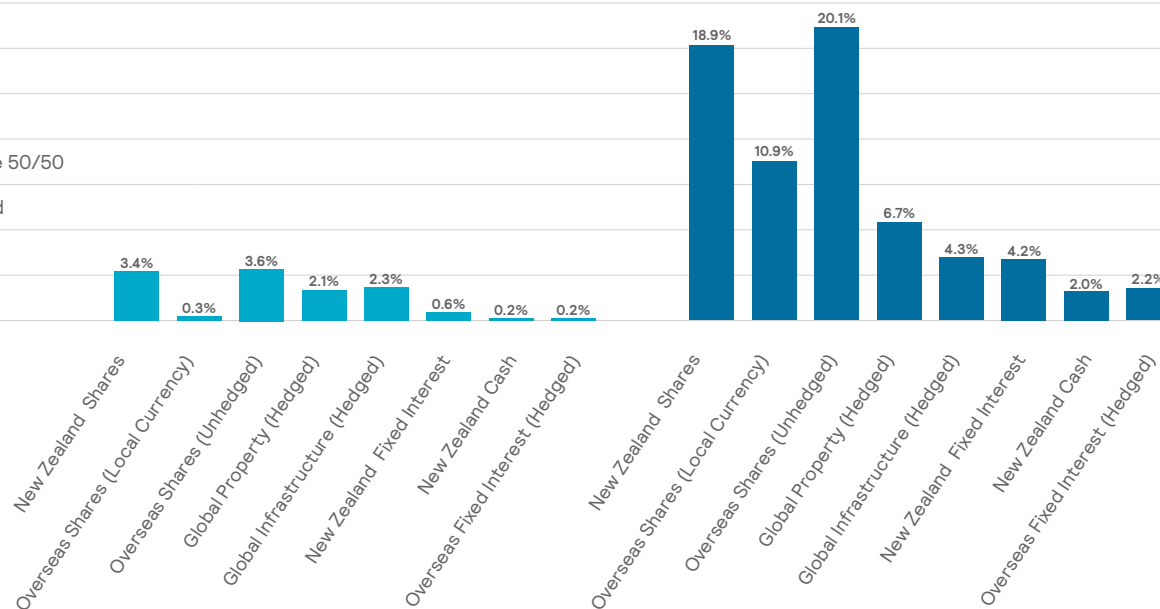
# FINANCIAL MARKETS

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	S&P/NZX 90 Day Bank Bills
OVERSEAS FIXED INTEREST (HEDGED)	Bloomberg Global Agg



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