

MONTHLY REPORT

MERCER COMMENTARY

Global financial markets continued the positive trend over April as share markets maintained their momentum from the last few months. Despite fears of slowing economic growth, both Developed and Emerging Markets returned +3.8% and +2.6% respectively. Most notably European, US, and UK markets were the top performers (+4.1%, +4.0%, +2.2%).

While May may turn out to be a different story, in April US-China trade negotiations were going well, also favourable monetary policy announcements from central banks, and an extension to the Brexit deadline contributed to April's performance. Both the US Federal Reserve (the Fed) and European Central Bank came out with statements confirming their commitment to keeping key interest rates at their current levels for the foreseeable future. Additionally, news to extend Brexit out to the end of October 2019 helped appease investor's concerns of the looming deadline, and uncertainty of the economic outlook.

The New Zealand share market had a slower month than its global counterparts, but still posted a positive return of +1.7%. Over the last 12 months the NZX has returned +19.8%, and this high-dividend yield remains attractive globally, especially in this global low interest rate environment. The Australian market had a good month, up +2.4%, taking the 12 month return to +10.4%.

Global Listed Property and Infrastructure faced challenges over April, returning -1.1% and +0.9% respectively. The increased strength of global share markets weighed down the attractiveness of these relatively defensive sectors which had performed strongly in the first three month of the year.

The New Zealand dollar dropped against all major overseas currencies in April, including the US dollar, the pound, and the euro. Positive news surrounding Brexit and encouraging growth signs in Europe helped to strengthen their respective currencies against the NZ dollar.

SIGNIFICANT RECENT ITEMS INCLUDE:



▼ UNITED KINGDOM

The European Union granted UK Prime Minister Theresa May an extension on the Brexit deadline, out to 31 October 2019. Whilst there is general gridlock on the way forward, there is now more time for Theresa May to gain some political consensus on an exit strategy.

▼ UNITED STATES

In early May, US President Donald Trump stated that US-China trade-talks are progressing too slowly, threatening to raise additional tariffs on \$200 billion of Chinese goods. This could present a risk to global equity markets which have been pricing in a more settled outlook.

▼ UNITED STATES

263,000 new jobs were created in the US last month helping the US unemployment rate fall to 3.6 percent, the lowest since December 1969. Wage inflation by comparison, however, remains more moderate.

▼ NEW ZEALAND

On 8 May, the Reserve Bank of New Zealand (RBNZ) announced a reduction in the Official Cash Rate (OCR), from 1.75% down to 1.5%.

INVESTMENT RETURNS

MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.51%	1.88%
	Conservative	0.65%	4.13%	4.60%
	Moderate	0.96%	4.38%	na
	Balanced	1.55%	5.49%	6.85%
	Growth	2.22%	6.25%	na
	High Growth	2.72%	7.22%	9.28%
	Shares	3.46%	7.92%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	1.72%	2.14%
	Conservative	0.67%	4.48%	5.02%
	Moderate	0.96%	4.76%	na
	Balanced	1.54%	5.89%	7.31%
	Growth	2.19%	6.68%	na
	High Growth	2.65%	7.55%	9.72%
	Shares	3.43%	8.21%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.15%	1.86%	2.32%
	Conservative	0.67%	4.76%	5.27%
	Moderate	0.95%	5.05%	na
	Balanced	1.51%	6.08%	7.54%
	Growth	2.15%	6.82%	na
	High Growth	2.61%	7.82%	9.91%
	Shares	3.33%	8.46%	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	0.09%	1.20%	1.49%
	Conservative	0.62%	3.74%	4.22%
	Moderate	0.93%	4.11%	5.41%
	Balanced	1.53%	5.24%	6.62%
	Growth	2.22%	6.13%	7.96%
	High Growth	2.69%	6.97%	9.12%
	Shares	3.48%	7.81%	10.64%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.36%	1.70%
	Conservative	0.63%	4.13%	4.54%
	Moderate	0.92%	4.41%	5.72%
	Balanced	1.48%	5.50%	6.94%
	Growth	2.14%	6.26%	8.22%
	High Growth	2.60%	7.26%	9.35%
	Shares	3.36%	7.87%	10.88%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.46%	1.83%
	Conservative	0.63%	4.35%	4.76%
	Moderate	0.92%	4.66%	5.87%
	Balanced	1.48%	5.80%	7.15%
	Growth	2.13%	6.54%	8.37%
	High Growth	2.55%	7.39%	9.60%
	Shares	3.32%	8.07%	11.06%

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.
- Fees may be deducted by redeeming units.

INVESTMENT RETURNS

MERCER FLEXISAVER

MERCER-MANAGED INVESTMENT OPTIONS	1 MONTH	1 YEAR	3 YEARS	
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.10%	1.23%	1.17%
	Conservative	0.59%	3.61%	3.41%
	Moderate	0.93%	4.14%	4.50%
	Balanced	1.53%	5.20%	6.14%
	Growth	2.19%	6.01%	7.98%
	High Growth	2.67%	7.02%	9.34%
	Shares	3.45%	7.69%	10.64%

MERCER-MANAGED INVESTMENT OPTIONS	1 MONTH	1 YEAR	3 YEARS	
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.34%	1.47%
	Conservative	0.63%	4.12%	3.78%
	Moderate	0.93%	4.46%	4.81%
	Balanced	1.50%	5.67%	6.74%
	Growth	2.14%	6.36%	8.40%
	High Growth	2.59%	7.30%	9.66%
	Shares	3.38%	8.03%	11.06%

MERCER-MANAGED INVESTMENT OPTIONS	1 MONTH	1 YEAR	3 YEARS	
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.47%	1.44%
	Conservative	0.62%	4.34%	4.04%
	Moderate	0.93%	4.74%	4.95%
	Balanced	1.47%	5.81%	6.92%
	Growth	2.10%	6.61%	8.70%
	High Growth	2.59%	7.56%	10.01%
	Shares	3.33%	8.25%	11.38%

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.

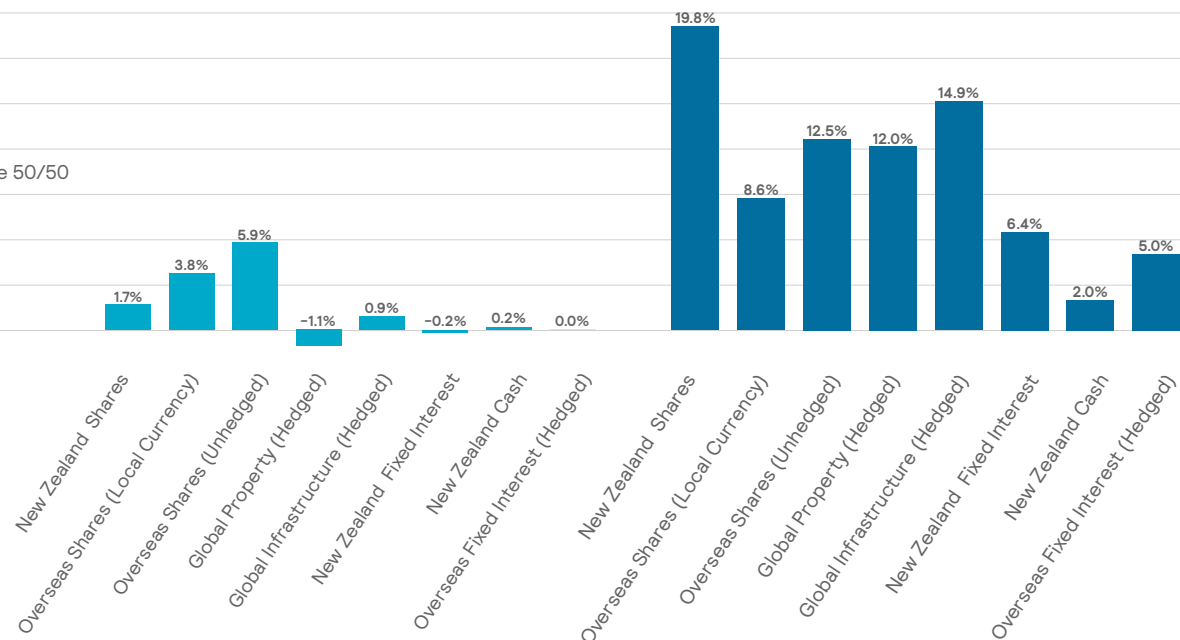
FINANCIAL MARKETS

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



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