

# MONTHLY REPORT

## MERCER COMMENTARY

March continued the positive trend experienced over the last two months, with most asset classes (shares, bonds, real assets, and cash) experiencing positive returns. The New Zealand share market (NZX50 Index) was a standout performer compared to its global counterparts, returning +5.9% compared to +1.6% from global markets (MSCI World Index, in local currency terms) for the month.

While financial markets performed well in March, there were some indicators that global economic activity is slowing and undertones of market uncertainty remain prevalent. This sentiment was broadly reflected in global central bank policy positioning over the month.

Most developed market policy makers indicated that current interest rates would remain, if not fall, in an effort to maintain economic growth. The US Federal Reserve (US Fed) announced that it will refrain from raising interest rates for the rest of the calendar year, and also plans to cut-back and conclude its current agenda of tightening monetary policy.

Locally, the Reserve Bank of New Zealand left the Official Cash Rate (OCR) unchanged at 1.75% with Governor Adrian Orr indicating the next move will likely be downward. Australia also kept their OCR on hold in March. During the month, amendments to New Zealand's monetary policy framework were refined so that from 1 April 2019 future monetary policy decisions will be decided by a new seven-member panel that will be Chaired by Governor Orr.

Developed share markets, which includes the US, UK, Japan, Canada and others, returned +1.6% for the month. Developed share markets took a hit following the US Fed's announcements on interest rates and monetary policy. Emerging Markets also offered positive returns at +1.4%, albeit slightly lower than their developed counterparts.

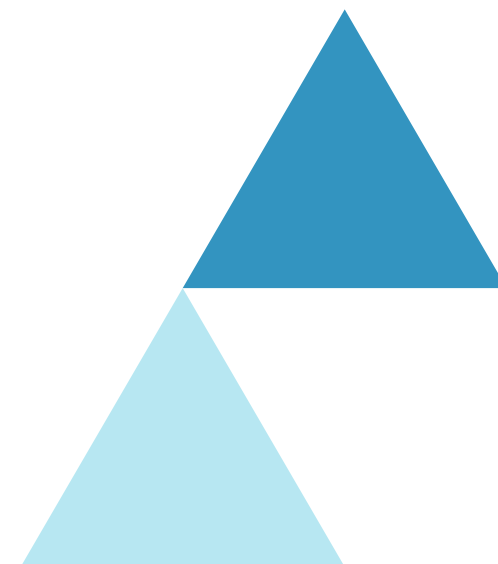
International politics continued to make headlines as the UK's Brexit plans remained gridlocked. During the month UK Prime Minister, Theresa May, submitted three proposed withdrawal agreements to the House of Commons, however, all three were rejected by the House. Despite considerable uncertainty amongst the Brexit turmoil, the UK and European markets performed well, up +3.2% and +2.0%. Sentiment in UK and Europe regarding Brexit, along with weakening economic data, continues to weigh adversely on their respective currencies.

Global Listed Property and Global Listed Infrastructure both delivered strong returns for the month (up +3.8% and +3.0% respectively). As the economy appears to slow, and with global interest rates seemingly on hold, these two more defensive sectors have become relatively more attractive, providing investors with portfolio diversification, as well as what is currently attractive return potential.

# MARKET PERFORMANCE SUMMARY

## MARCH IN A SNAPSHOT

- Another good month for investors globally and in New Zealand. Positive returns in March were delivered by shares, bonds, real assets and cash. All investment options had positive returns for the month.
- In May you will be receiving your annual statement which will show how your personal account has performed between 1 April 2018 and 31 March 2019. It is important that you check your email address is up to date. You can log in to your account at [www.mercerfinancialservices.co.nz](http://www.mercerfinancialservices.co.nz) or call the Helpline on **0508 637 237** to update or provide it if necessary.
- If you need help with choosing the funds you want your money invested in, please do not hesitate to call us on **0508 637 237** and ask to speak with one of our financial advisers.



SELECTED MARKET INDICATORS FOR THE PERIOD ENDED 31 MARCH 2019

## SIGNIFICANT RECENT ITEMS INCLUDE:



### ▼ UNITED STATES

The US Fed stated that it will refrain from raising interest rates for the rest of the calendar year, and also plans to cut-back and conclude its current intentions of tightening monetary policy.

### ▼ UNITED KINGDOM

UK Prime Minister Theresa May's Brexit plans remained completely gridlocked. May's three proposed withdrawal agreements put forward to the House of Commons had all be rejected in the month.

### ▼ NEW ZEALAND

The Reserve Bank of New Zealand left the Official Cash Rate unchanged, and Governor Adrian Orr indicated the next move will likely be downward. Future monetary policy decisions will also now be decided by a new seven-member panel.

# INVESTMENT RETURNS

## MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.50%	1.89%
	Conservative	0.88%	3.90%	4.59%
	Moderate	0.84%	4.09%	na
	Balanced	1.00%	5.04%	6.71%
	Growth	0.99%	5.53%	na
	High Growth	1.15%	6.36%	8.94%
	Shares	1.33%	6.57%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.14%	1.71%	2.16%
	Conservative	0.97%	4.21%	5.01%
	Moderate	0.94%	4.45%	na
	Balanced	1.10%	5.42%	7.17%
	Growth	1.08%	5.98%	na
	High Growth	1.22%	6.70%	9.39%
	Shares	1.42%	6.82%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.15%	1.85%	2.34%
	Conservative	1.04%	4.48%	5.26%
	Moderate	1.02%	4.74%	na
	Balanced	1.16%	5.62%	7.40%
	Growth	1.14%	6.10%	na
	High Growth	1.28%	6.98%	9.58%
	Shares	1.53%	7.14%	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%	1.19%	1.51%
	Conservative	0.83%	3.51%	4.20%
	Moderate	0.83%	3.83%	5.37%
	Balanced	0.98%	4.78%	6.48%
	Growth	0.97%	5.40%	7.70%
	High Growth	1.09%	6.12%	8.78%
	Shares	1.31%	6.42%	10.15%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.35%	1.71%
	Conservative	0.93%	3.87%	4.52%
	Moderate	0.91%	4.11%	5.68%
	Balanced	1.08%	5.05%	6.81%
	Growth	1.04%	5.56%	7.97%
	High Growth	1.19%	6.44%	9.02%
	Shares	1.37%	6.58%	10.41%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.45%	1.84%
	Conservative	0.99%	4.07%	4.75%
	Moderate	0.98%	4.34%	5.83%
	Balanced	1.13%	5.32%	7.01%
	Growth	1.10%	5.85%	8.12%
	High Growth	1.25%	6.58%	9.28%
	Shares	1.46%	6.74%	10.59%

### 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%	1.22%	1.17%
	Conservative	0.80%	3.40%	3.30%
	Moderate	0.83%	3.86%	4.31%
	Balanced	0.99%	4.74%	5.76%
	Growth	0.97%	5.31%	7.41%
	High Growth	1.10%	6.18%	8.59%
	Shares	1.31%	6.32%	9.64%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	3 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.09%	1.34%	1.46%
	Conservative	0.90%	3.88%	3.67%
	Moderate	0.92%	4.15%	4.62%
	Balanced	1.09%	5.19%	6.41%
	Growth	1.01%	5.67%	7.88%
	High Growth	1.23%	6.50%	8.99%
	Shares	1.40%	6.68%	10.06%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	3 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.46%	1.44%
	Conservative	0.99%	4.07%	3.96%
	Moderate	0.98%	4.42%	4.80%
	Balanced	1.12%	5.36%	6.61%
	Growth	1.10%	5.91%	8.18%
	High Growth	1.24%	6.71%	9.35%
	Shares	1.44%	6.90%	10.43%

### 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.

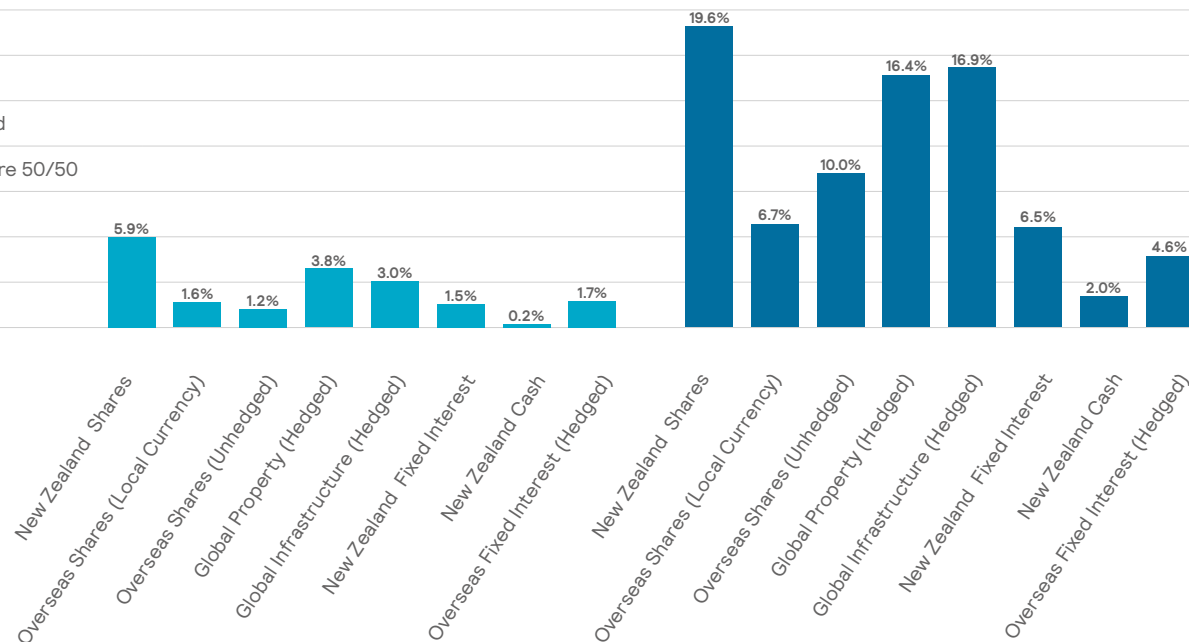
# FINANCIAL MARKETS

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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