

A photograph of three women smiling and taking a selfie. The woman on the right is holding a smartphone. The image is overlaid with a large, semi-transparent white triangle pointing downwards, and several smaller blue triangles are scattered around the edges.

# MERCER SUPER TRUST

ANNUAL REPORT 2017

MAKE TOMORROW, TODAY



<b>SECTION ONE</b> DETAILS OF SCHEME	<b>2</b>	<b>SECTION FIVE</b> CHANGES TO PERSONS INVOLVED IN THE SCHEME	<b>10</b>
<b>SECTION TWO</b> INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS	<b>3</b>	<b>SECTION SIX</b> HOW TO FIND FURTHER INFORMATION	<b>11</b>
<b>SECTION THREE</b> CHANGES RELATING TO THE SCHEME	<b>5</b>	<b>SECTION SEVEN</b> CONTACT DETAILS AND COMPLAINTS	<b>12</b>
<b>SECTION FOUR</b> OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS	<b>8</b>		

# MESSAGE FROM MARTIN

This year has certainly been eventful in New Zealand and globally. Now is a great time to reflect on a few milestones we achieved together.

## Complies with the new Act

This is the first year this annual report is produced under the new Financial Markets Conduct Act, so you will notice a few changes like not having the summary financial statements or the auditor's report. The scheme officially transitioned to this regime in September last year and now the full financial statements and the auditor's report can be accessed online on the new Companies Office website [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). The new requirements also mean the scheme has to produce fund updates for each investment option. The purpose of the fund update is to tell you how an investment option has performed and to help you compare it with other funds.

## Commitment to Socially Responsible Investment

At Mercer we believe a sustainable investment approach is more likely to create and preserve long-term investment capital. We are committed to this policy and as such have recently updated our investment strategy to divest from companies we believe could cause harm to society and the environment.

## Staying in the Mercer Super Trust

You can now continue saving in the Mercer Super Trust after leaving your employer through the Personal Investment Programme.

This report covers all the legal information we must report each year, but we also wanted to ensure you can access additional information if required and be able to do it on the go. A digital report can be found at [www.myannualreport.co.nz/mst2017](http://www.myannualreport.co.nz/mst2017).

It's a pleasure and a privilege to provide you with an annual report. More information can be found on the [www.mercerfinancialservice.co.nz](http://www.mercerfinancialservice.co.nz) website. Our team looks forward to helping you retire with more.



**Martin Lewington**  
Mercer NZ CEO and Director  
of Mercer (N.Z.) Limited



## SECTION ONE

### DETAILS OF SCHEME

**Name of the scheme:** Mercer Super Trust

**Type of scheme:** Workplace Savings Scheme

**Manager:** Mercer (N.Z.) Limited

**Supervisor:** Trustees Executors Limited

**Product disclosure statement:** The current product disclosure statement for the scheme is dated 6 September 2016 and is open for applications.

**Fund updates:** A fund update for each of the seven investment funds for the quarter ended 30 June 2017 was made publically available on 28 July 2017.

**Financial statements and auditor's report:**

The latest full financial statements for the scheme that comply with, and have been registered under, the Financial Markets Conduct Act 2013 cover the financial year 1 April 2016 to 31 March 2017 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 24 July 2017.

The auditor's report on those financial statements was dated 24 July 2017. The auditor's report did not refer to any fundamental uncertainty, and nor was it qualified or modified in any respect.



## SECTION TWO

# INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

MEMBERSHIP DETAILS AND MEMBERS' ACCUMULATION	CONTRIBUTING MEMBERS	NON-CONTRIBUTING MEMBERS	TOTAL NUMBER OF MEMBERS	TOTAL MEMBER ACCUMULATIONS
NUMBER OF MEMBERS AT 1 APRIL 2016	5,687	605	6,292	\$414,002,000
PLUS				
Other new members			211	
Members transferring from other schemes			111	
<b>TOTAL NEW MEMBERS</b>			<b>322</b>	
LESS				
Retirement			139	
Death			0	
Transfers to other schemes			51	
Other exits			498	
<b>TOTAL EXITS</b>			<b>688</b>	
NUMBER OF MEMBERS AT 31 MARCH 2017	5,206	720	5,926	\$485,953,000

## CONTRIBUTIONS RECEIVED DURING THE YEAR ENDED 31 MARCH 2017

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Member contributions	3,933	\$14,639,898.26
Member voluntary additional contributions		\$57,828,937.43
– General member voluntary additional contributions	956	\$3,053,448.45
– Transfer Contributions	2,148	\$54,241,834.04
– Salary sacrifice contributions	2,853	\$533,654.94
Employer or other sponsor contributions		\$16,322,352.74
– Employer contributions	4,627	\$16,269,073.41
– Member tax credits	139	\$53,279.33
<b>TOTAL CONTRIBUTIONS</b>		<b>\$88,791,188.43</b>

# SOCIALLY RESPONSIBLE INVESTMENT UPDATE

At Mercer, our mission is to make a difference in people's lives. We strive to "Make Tomorrow, Today" by helping our clients and customers advance their health, wealth and careers.

We believe a sustainable investment approach is more likely to create and preserve long-term investment capital.

As part of this, Mercer has updated our Responsible Investment Policy, which covers Sustainable Investment, Ethical Investment and Corporate Governance. This policy is available for downloading on [www.mercerfinancialservices.co.nz](http://www.mercerfinancialservices.co.nz) website or visit the digital annual report at [www.myannualreport.co.nz/mst2017](http://www.myannualreport.co.nz/mst2017).

We have worked extensively with our Responsible Investment team, clients and Board to broaden the ethical exclusions component of the policy.

## WHAT HAS CHANGED?

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A robust framework has been developed which will see Mercer divest from companies we believe could cause substantial and irreparable harm to society and the environment. This will include companies manufacturing tobacco products, in addition to the existing exclusions for controversial weapons.

We consider a range of criteria when making this assessment, including whether the risk/return implications of excluding such companies is expected to be significant.

## SECTION THREE

### CHANGES RELATING TO THE SCHEME

#### Trust Deed

The scheme's trust deed was amended on 5 September 2016 for the purpose of complying with the requirements of the Financial Markets Conduct Act and other enactments as required by that legislation together with updates to reflect other legislative and administrative changes affecting the scheme.

#### Terms of Offer of Interests in the Scheme

Due to the transition of the scheme to the Financial Markets Conduct Act during the year, the terms of offer of interests in the scheme are now governed by that legislation and a product disclosure statement dated 6 September 2016 (which has been issued in accordance with the Financial Markets Conduct Act). The scheme's transition to the Financial Markets Conduct Act did not materially change the terms of the offer of interests in the scheme.

#### Statement of Investment Policy and Objectives of the Scheme

A number of changes have been made to the Statement of Investment Policy and Objectives (SIPO):

- Financial Markets Conduct Act terminology is now used throughout, such as replacing references to the trustee with the supervisor and investment options now being referred to as funds.
- Adding details of the supervisor's role and responsibilities.
- Noting section A as a Workplace Savings Scheme and section B as a Legacy Scheme.
- The SIPO amendment period was also changed and benchmark indices were updated.

More information can be found in the SIPO. You can request a copy by contacting us on 0508 637 237.

#### Related Party Transactions

There were no changes to the nature or scale of the related party transactions. All related party transactions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.



## PERFORMANCE

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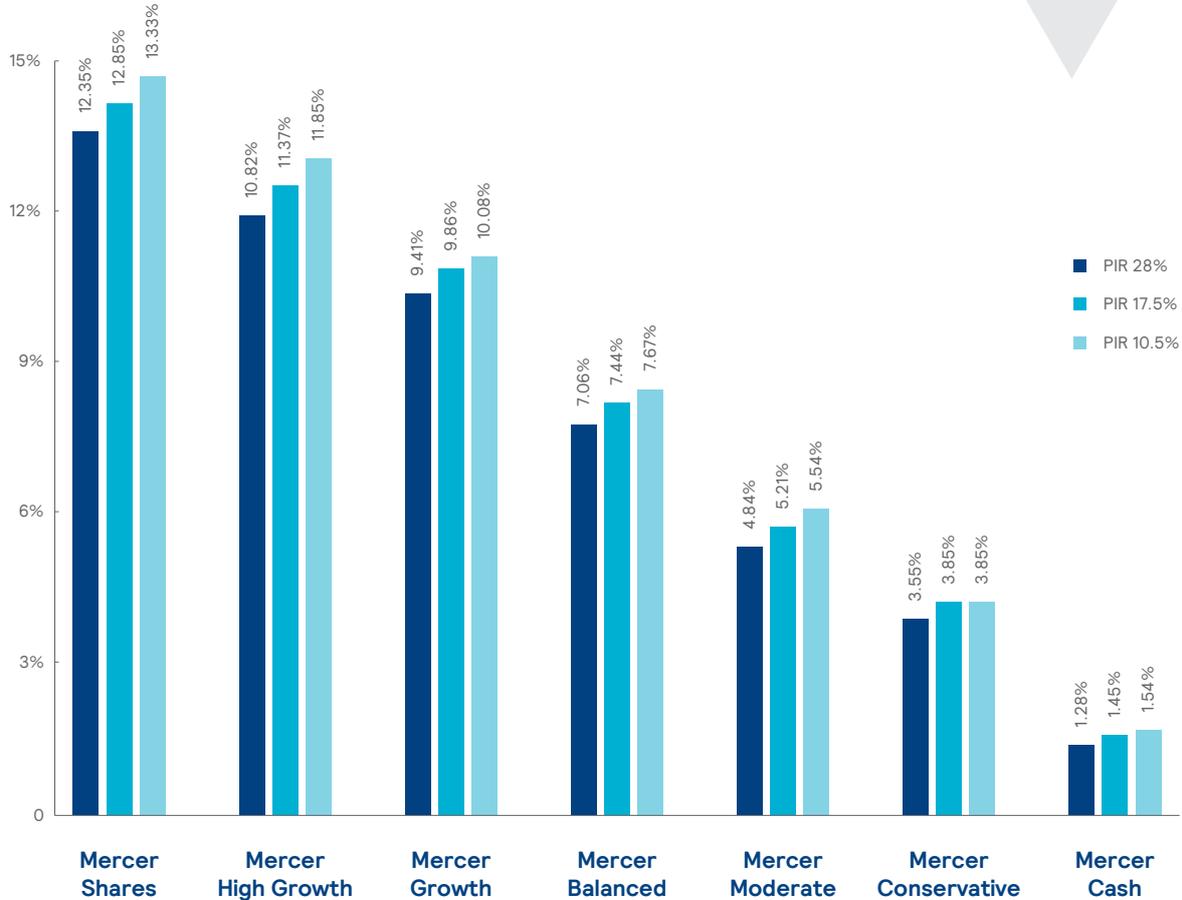
Whether you're an aggressive investor with an appetite for risk, the type who likes to play it safe or somewhere in between, we've got an investment option for you. See how the options performed during the year and for longer-term investment performance, please visit [www.myannualreport.co.nz/mst2017](http://www.myannualreport.co.nz/mst2017).

The investment returns are shown after fund fees (excluding membership fees) and after tax at the Prescribed Investor Rate (PIR) indicated.

It's important to note that investment returns shown don't tell you how the investment options will perform in the future.

Your individual returns within an investment portfolio will depend on timing of contribution payments and actual fees charged, allowing for any fee rebates. The returns shown are therefore indicative of investment results, but may differ from the actual after fees and tax returns achieved by you.

## 1 YEAR RETURNS AS AT 31 MARCH 2017 (AFTER TAX AND FEES)



## SECTION FOUR

# OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

### UNIT PRICES

TYPE	AT 1 APRIL 2016*			AT 31 MARCH 2017		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Mercer Shares	1.7999	1.8971	1.7211	2.0222	2.1409	1.9506
Mercer High Growth	1.2788	1.3149	1.6625	1.4172	1.4644	1.8595
Mercer Growth	1.9006	1.9631	1.5179	2.0794	2.1566	1.671
Mercer Balanced	1.8524	1.8863	1.4868	1.9831	2.0267	1.6008
Mercer Moderate	1.8006	1.8728	1.4357	1.8878	1.9703	1.5152
Mercer Conservative	2.0068	2.0465	1.3538	2.078	2.1254	1.4059
Mercer Cash	1.6881	1.7302	1.1587	1.7096	1.7552	1.1765

\*Opening price as at 1 April 2016, is the closing price on 31 March 2016.

### Complying superannuation fund disclosures

Heinz Watties Superannuation Scheme as at 31 March 2017:

- The market value of the scheme's assets subject to complying fund rules was \$3,823,679.54 relating to 128 members
- The value of withdrawals subject to complying fund rules totalled \$1,989,557.69

### WITHDRAWALS MADE DURING THE YEAR ENDED 31 MARCH 2017

	NUMBER OF MEMBERS
Retirement	139
Leaving service or resignation	351
Retrenchments or redundancy	139
Death or serious illness	8
Transfers out	51
Financial hardship	2
Other partial withdrawals	256
<b>TOTAL WITHDRAWALS</b>	<b>946</b>



## MANAGER'S ANNUAL STATEMENT

As the manager of the Mercer Super Trust, we confirm that for the year ended 31 March 2017:

- all the benefits required to be paid from the scheme in accordance with the terms of the governing documents have been paid;
- the market value of the scheme property at the close of the financial year, 31 March 2017, equalled or exceeded the total value of the benefits that would have been payable had all members of the scheme ceased to be members at that date and, had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.



**Mercer (N.Z.) Limited**  
31 July 2017

## SUPERVISOR'S ANNUAL STATEMENT

As the supervisor of the Mercer Super Trust, we confirm that for the year ended 31 March 2017:

- all contributions required to be made to the scheme in accordance with the terms of the governing documents have been made.



**Trustees Executors Limited**  
31 July 2017

## SECTION FIVE

### CHANGES TO PERSONS INVOLVED IN THE SCHEME

There were no changes to the manager, the supervisor, administration manager, investment manager, securities registrar or auditor of the scheme.

There were no changes to the key personnel or the directors of the manager.

#### **Custodian appointed:**

BNP Paribas Fund Services Australasia Pty Ltd was appointed as the custodian of the scheme on 14 September 2016.

#### **Supervisor appointed:**

Trustees Executors Limited was appointed as the supervisor of the scheme on 6 September 2016.

There was a change to the directors of the supervisor. Peter Metz 'stepped down' (resigned) as director on 6 May 2016 and Paul Hocking 'stepped down' (resigned) as a director on 7 December 2016.

# FURTHER INFORMATION

There are lots of useful sources of further information to help you plan for your future and save for retirement. Here is a list of things you may want to check out.

**Mercer Magazine** is a leading source of information on health, wealth and career, which we believe are integral to helping you get the most out of life.  
[www.mercermagazine.co.nz](http://www.mercermagazine.co.nz)

**The Scheme's website** contains a lot of information to help you maximise your membership in the scheme, including useful articles, documents and forms. You can also sign in to your personal account to view information about your account.  
[www.mercerfinancialservices.co.nz](http://www.mercerfinancialservices.co.nz)

**Our Retirement Income Simulator** is the only tool you'll need to help you stay on track and plan for your retirement. Sign into your account at [www.mymercer.co.nz](http://www.mymercer.co.nz).

## SECTION SIX HOW TO FIND FURTHER INFORMATION

Information relating to the Mercer Super Trust, for the offer register and the scheme register can be found at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

The scheme register includes the financial statements, trust deed and statement of policy and objectives.

The offer register includes the product disclosure statement for the Scheme, information relating to membership and funds within the scheme. It also includes fund updates and other material information.

Information relating to the scheme, such as fund updates, annual report, current product disclosure statement and other useful information is available at [www.mercerfinancialservices.co.nz](http://www.mercerfinancialservices.co.nz). You can also call us on 0508 637 237 to request this information.

All the information can be obtained from us without charge.



# CONNECT

We'll do everything we can to resolve your query or complaint quickly.

If you do have a complaint please call us on 0508 637 237. Our administration team or the Complaints Officer will investigate it and respond to you as soon as possible.

Help is just a click or a call away, we would love to hear from you.



**0508 637 237**

We are here between 9am and 7pm, Monday to Friday, or leave us a message and we'll call you back.



Submit your query from your online account

**[www.mercerfinancialservices.co.nz](http://www.mercerfinancialservices.co.nz)**



Mercer Super Trust  
PO Box 1849  
Wellington, 6140



@Mercer\_NZ

## SECTION SEVEN

### CONTACT DETAILS AND COMPLAINTS

#### Manager

Mercer (N.Z.) Ltd  
151 Queen Street  
PO Box 105591  
Auckland 1143  
**0508 637 237**

#### Supervisor

Trustees Executors Ltd  
Level 7  
51 Shortland Steet  
PO Box 4197  
Auckland 1140  
**0800 809 962**

#### Privacy Officer

Mercer (N.Z.) Ltd  
Attn: Privacy Officer  
151 Queen Street  
PO Box 105591  
Auckland 1143  
**0508 637 237**

#### How to complain

Please direct any complaints about your investment to Mercer at:

#### Mercer (N.Z.) Limited

151 Queen Street  
PO Box 105591  
Auckland 1143

Attn: Inquiries and Privacy Officer  
Telephone: 0508 637 237  
Email: [NZ.Privacy@merc.com](mailto:NZ.Privacy@merc.com)

If we are unable to resolve your complaint, you may choose to contact the supervisor at:

#### Trustees Executors Limited

Level 7, 51 Shortland Street  
PO Box 4197  
Auckland 1140

Attn: Client Services Manager -  
Governance & Investor Oversight  
Telephone: 09 308 7100

Mercer is a member of the Insurance and Financial Services Ombudsman Scheme (IFSO) and the supervisor is a member of Financial Services Complaints Limited (FSCL), both of which are approved dispute resolution schemes. The IFSO and FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

If you make a complaint to us and the complaint cannot be resolved, you may refer it to the IFSO subject to certain conditions being met.

Further information about referring a complaint to the:

#### IFSO

PO Box 10-845  
Wellington 6143  
**0800 888 202**

#### FSCL

PO Box 5967  
Wellington 6145  
**0800 347 257**



# WANT TO KNOW MORE?

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[www.mercerfinancialservices.co.nz](http://www.mercerfinancialservices.co.nz)



0508 637 237



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## Disclaimer

Mercer (N.Z.) Limited is the manager of the Mercer Super Trust and the issuer of this annual report. This annual report has been prepared by the manager to meet its legislative obligations under the Financial Markets Conduct Regulations 2014. The information contained in this annual report is of a general nature only and does not take into account the personal objectives, financial situation or financial goals of individual members. Accordingly, before making any decisions, you should consider the information in light of your own objectives, financial situation and needs and read and consider the current product disclosure statement.

It is also recommended that you obtain advice from an appropriately authorised financial adviser. A copy of the current product disclosure statement is available on the website [www.mercerfinancialservices.co.nz](http://www.mercerfinancialservices.co.nz) or by calling the Helpline on 0508 637 237. You should be aware that the value of an investment in the Mercer Super Trust may rise and fall from time to time. Mercer, Trustees Executors Limited, MMC Inc. or any member of the worldwide Marsh and McLennan Group of Companies does not guarantee the investment performance, earnings or return of capital invested in any of the Mercer Super Trust investment options. The investment returns shown in this annual report do not take into account the unique characteristics that apply to each member (such as timing of cashflow). As a result, the actual returns applying to a particular member are different from the investment returns shown. You should also remember that past performance should not be relied upon as an indicator of future performance.