

MONTHLY REPORT

MERCER COMMENTARY

Share markets around the globe struggled in August, as investors' risk appetite reduced amid concerns of a global recession. With US President Donald Trump back on the offensive and China unwilling to bend to those demands, international trade negotiations did little to calm investors' worries.

The Reserve Bank of New Zealand (RBNZ) cut its Official Cash Rate (OCR) down 0.5% to 1.0% in early August – the largest cut since March 2011 and only the third cut of its size ever. Despite the size of the cut coming as a surprise to local markets, the RBNZ Governor, Adrian Orr, insisted that a lower OCR was needed to meet future employment and inflation objectives.

As central banks in major economies tried to combat this market uncertainty, investors sought the relative security of government bonds. The worldwide political landscape became increasingly tumultuous and support for global shares showed signs of relaxing during the month.

Developed share markets (including the US, UK, Canada, Australia, and New Zealand) made negative gains in August, as the MSCI World Index returned -1.9% in local currency. New Zealand's share market performed better than Australia, returning -0.8% and -2.4% respectively. Emerging share markets also experienced volatility over the month and were particularly impacted, down -2.5% for the month.

The more defensive asset classes, including global listed property and infrastructure, bucked the negative trend of other growth assets. Bond markets performed well in this environment where investors are looking to reduce their risk, and NZ bonds performing particularly well (+1.8%).

The NZ dollar weakened against all major currencies over the month, with the largest shifts coming against the Japanese yen (-6.6%), US dollar (-4.4%), and British pound (-3.9%). The OCR cut by the RBNZ contributed to the depreciation of the NZ dollar against more "safe haven" currencies.

SELECTED MARKET INDICATORS FOR PERIODS ENDED 31 AUGUST 2019

SIGNIFICANT RECENT ITEMS INCLUDE:



▼ NEW ZEALAND

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▼ AUSTRALIA

Central bankers from around the world met at the 2019 Economic Symposium in Jackson Hole at the end of the month. At the meeting Reserve Bank of Australia (RBA) Governor, Philip Lowe, reinforced shared concerns over the current effectiveness of monetary policy.

▼ FRANCE

The G7 Summit was held in Biarritz, France at the end of August, with attendees including US President Donald Trump and new UK Prime Minister Boris Johnson. The meeting offered a welcome reprieve for markets, recovering some ground on (unsubstantiated) assertions from President Trump of positive progress on the US-China trade front.

INVESTMENT RETURNS

MERCER KIWISAVER SCHEME

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
28% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.44%	1.79%
	Conservative	0.79%	4.88%	4.68%
	Moderate	0.48%	4.42%	na
	Balanced	0.23%	4.43%	6.60%
	Growth	-0.11%	3.89%	na
	High Growth	-0.46%	3.69%	8.79%
	Shares	-0.91%	2.95%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.12%	1.64%	2.05%
	Conservative	0.86%	5.45%	5.11%
	Moderate	0.50%	4.95%	na
	Balanced	0.14%	4.92%	7.04%
	Growth	-0.27%	4.37%	na
	High Growth	-0.63%	4.00%	9.19%
	Shares	-1.11%	3.30%	na

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.13%	1.79%	2.23%
	Conservative	0.92%	5.87%	5.37%
	Moderate	0.56%	5.44%	na
	Balanced	0.13%	5.23%	7.28%
	Growth	-0.39%	4.53%	na
	High Growth	-0.77%	4.19%	9.37%
	Shares	-1.25%	3.34%	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	0.08%	1.15%	1.44%
	Conservative	0.74%	4.47%	4.24%
	Moderate	0.47%	4.16%	5.20%
	Balanced	0.19%	4.18%	6.35%
	Growth	-0.21%	3.66%	7.54%
	High Growth	-0.51%	3.42%	8.61%
	Shares	-0.93%	2.80%	10.05%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.09%	1.30%	1.63%
	Conservative	0.82%	5.07%	4.59%
	Moderate	0.48%	4.64%	5.53%
	Balanced	0.13%	4.55%	6.67%
	Growth	-0.33%	3.94%	7.80%
	High Growth	-0.70%	3.70%	8.83%
	Shares	-1.10%	2.87%	10.24%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	5 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.10%	1.40%	1.76%
	Conservative	0.85%	5.46%	4.84%
	Moderate	0.48%	4.99%	5.70%
	Balanced	0.10%	5.04%	6.93%
	Growth	-0.39%	4.23%	7.94%
	High Growth	-0.80%	3.82%	9.08%
	Shares	-1.28%	2.97%	10.37%

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	0.08%	1.16%	1.16%
	Conservative	0.73%	4.32%	3.61%
	Moderate	0.46%	4.14%	4.50%
	Balanced	0.19%	4.16%	6.01%
	Growth	-0.14%	3.64%	7.63%
	High Growth	-0.46%	3.42%	8.82%
	Shares	-0.92%	2.75%	10.17%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	3 YEARS
17.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.10%	1.29%	1.42%
	Conservative	0.75%	4.93%	3.98%
	Moderate	0.48%	4.60%	4.75%
	Balanced	0.15%	4.70%	6.45%
	Growth	-0.28%	4.05%	7.90%
	High Growth	-0.63%	3.67%	9.00%
	Shares	-1.11%	3.06%	10.41%

MERCER-MANAGED INVESTMENT OPTIONS		1 MONTH	1 YEAR	3 YEARS
10.5% PRESCRIBED INVESTOR RATE (PIR)	Cash	0.11%	1.41%	1.43%
	Conservative	0.80%	5.32%	4.20%
	Moderate	0.51%	5.08%	4.93%
	Balanced	0.13%	4.97%	6.59%
	Growth	-0.37%	4.25%	8.07%
	High Growth	-0.77%	3.91%	9.24%
	Shares	-1.22%	3.22%	10.61%

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.

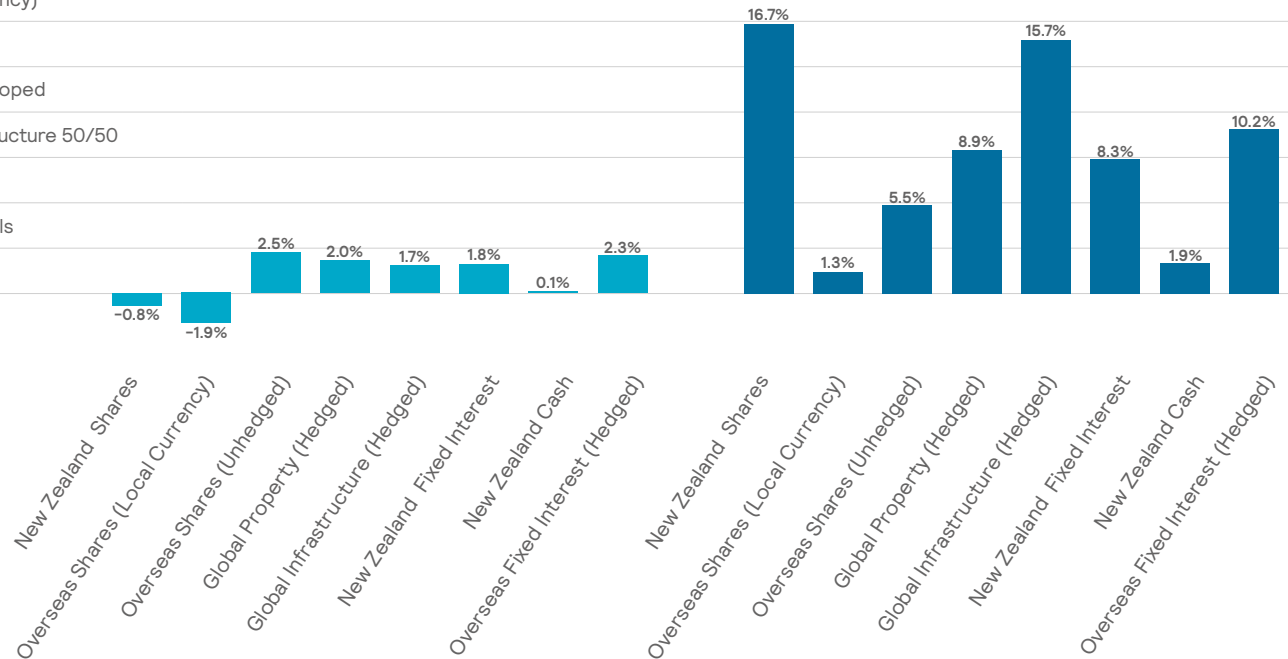
FINANCIAL MARKETS

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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