

**MERCER KIWISAVER SCHEME**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**MERCER KIWISAVER SCHEME**  
**Financial Statements**  
**For the Year Ended 31 March 2016**

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## ***Independent Auditors' Report***

to the members of the Mercer KiwiSaver Scheme ("the Scheme") comprising the following Funds ("the Funds"):

- Mercer Conservative
- Mercer Balanced
- Mercer High Growth
- Mercer Cash
- Mercer Moderate
- Mercer Growth
- Mercer Shares

### ***Report on the Financial Statements***

We have audited the financial statements of the Mercer KiwiSaver Scheme ("the Scheme") comprising the Mercer Conservative, Mercer Balanced, Mercer High Growth, Mercer Cash, Mercer Moderate, Mercer Growth and Mercer Shares ("the Funds") on pages 3 to 45, which comprise the statements of net assets as at 31 March 2016, the statements of changes in net assets and the statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

### ***Manager's Responsibility for the Financial Statements***

The Scheme's Manager is responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and for such internal controls as the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Manager's preparation and fair presentation of the financial statements of the Funds and the Scheme, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Manager's internal control over the Funds and the Scheme. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Funds and the Scheme. Our firm carries out other services for the Funds and the Scheme in the areas of tax advice. The provision of these other services has not impaired our independence.



## ***Independent Auditors' Report*** Mercer KiwiSaver Scheme

### ***Opinion***

In our opinion, the financial statements on pages 3 to 45 present fairly, in all material respects, the financial position of the Funds and Scheme as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

### ***Restriction on Use of our Report***

This report is made solely to the Scheme's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's members, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in dark ink, appearing to read 'Daniel Love &amp; Partners', written in a cursive style.

Chartered Accountants  
22 July 2016

Auckland

**MERCER KIWISAVER SCHEME**  
**Statements of Net Assets**  
**As at 31 March 2016**

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>ASSETS</b>									
Cash and cash equivalents		18,678	10,963	13,666	9,079	3,154	844	945	905
Investments held at fair value through profit or loss	6	1,390,038	1,089,308	972,946	930,661	238,746	76,655	94,740	70,732
Portfolio investment entity tax receivable		17	-	-	-	-	-	17	-
<b>Total Assets</b>		<b>1,408,733</b>	<b>1,100,271</b>	<b>986,612</b>	<b>939,740</b>	<b>241,900</b>	<b>77,499</b>	<b>95,702</b>	<b>71,637</b>
<b>LIABILITIES</b>									
Investment management and Supervisor fees payable	8	510	339	484	277	11	30	5	28
Portfolio investment entity tax payable		7,577	12,966	5,539	11,752	1,498	664	-	476
Benefits payable		1,261	1,852	931	1,628	184	50	68	174
Unallocated contributions		596	851	463	742	108	49	14	53
Administration fees payable	8	497	238	416	221	47	8	18	7
Manager fees (expense recoveries) payable	8	129	165	91	142	22	11	9	10
<b>Total Liabilities (excluding Net assets attributable to members)</b>		<b>10,570</b>	<b>16,411</b>	<b>7,924</b>	<b>14,762</b>	<b>1,870</b>	<b>812</b>	<b>114</b>	<b>748</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	4	<b>1,398,163</b>	<b>1,083,860</b>	<b>978,688</b>	<b>924,978</b>	<b>240,030</b>	<b>76,687</b>	<b>95,588</b>	<b>70,889</b>
Represented by:									
Net assets available for benefits		<b>1,398,163</b>	<b>1,083,860</b>	<b>978,688</b>	<b>924,978</b>	<b>240,030</b>	<b>76,687</b>	<b>95,588</b>	<b>70,889</b>

The accompanying notes form part of and should be read in conjunction with these Financial Statements.

**MERCER KIWISAVER SCHEME**  
**Statements of Net Assets**  
**As at 31 March 2016**

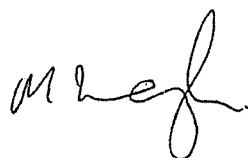
	Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
		2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>ASSETS</b>									
Cash and cash equivalents		116	92	312	30	321	10	164	3
Investments held at fair value through profit or loss	6	15,344	9,465	33,407	482	25,881	1,072	8,974	241
Portfolio investment entity tax receivable		-	-	-	-	-	-	-	-
<b>Total Assets</b>		<b>15,460</b>	<b>9,557</b>	<b>33,719</b>	<b>512</b>	<b>26,202</b>	<b>1,082</b>	<b>9,138</b>	<b>244</b>
<b>LIABILITIES</b>									
Investment management and Supervisor fees payable	8	7	4	2	-	1	-	-	-
Portfolio investment entity tax payable		83	71	218	1	181	2	58	-
Benefits payable		2	-	69	-	7	-	-	-
Unallocated contributions		1	3	7	1	3	3	-	-
Administration fees payable	8	4	2	7	-	4	-	1	-
Manager fees (expense recoveries) payable	8	1	2	3	-	2	-	1	-
<b>Total Liabilities (excluding Net assets attributable to members)</b>		<b>98</b>	<b>82</b>	<b>306</b>	<b>2</b>	<b>198</b>	<b>5</b>	<b>60</b>	<b>-</b>
<i>Represented by:</i>									
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	4	<b>15,362</b>	<b>9,475</b>	<b>33,413</b>	<b>510</b>	<b>26,004</b>	<b>1,077</b>	<b>9,078</b>	<b>244</b>
<b>Represented by:</b>									
<b>Net assets available for benefits</b>		<b>15,362</b>	<b>9,475</b>	<b>33,413</b>	<b>510</b>	<b>26,004</b>	<b>1,077</b>	<b>9,078</b>	<b>244</b>

These Financial Statements were authorised for issue by the Manager on 22 July 2016.  
**Mercer (N.Z.) Limited**

For and on behalf of the Directors



Director



Director

The accompanying notes form part of and should be read in conjunction with these Financial Statements.

**MERCER KIWISAVER SCHEME**  
**Statements of Changes in Net Assets**  
**For the Year Ended 31 March 2016**

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>INCOME</b>									
Interest income		503	523	354	452	87	35	34	31
Net gains on financial assets held at fair value through profit or loss	7	53,316	96,566	41,785	79,337	6,831	8,091	2,807	8,793
Sundry income		-	1	-	1	-	-	-	-
<b>Total Income</b>		<b>53,819</b>	<b>97,090</b>	<b>42,139</b>	<b>79,790</b>	<b>6,918</b>	<b>8,126</b>	<b>2,841</b>	<b>8,824</b>
<b>EXPENSES</b>									
Investment management and Supervisor fees	8	3,391	3,027	2,796	2,593	316	214	163	190
Manager fees (expense recoveries)	8	129	74	91	62	22	6	9	5
Other expenses		1	1	1	1	-	-	-	-
<b>Total Expenses</b>		<b>3,521</b>	<b>3,102</b>	<b>2,888</b>	<b>2,656</b>	<b>338</b>	<b>220</b>	<b>172</b>	<b>195</b>
<b>NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES</b>		<b>50,298</b>	<b>93,988</b>	<b>39,251</b>	<b>77,134</b>	<b>6,580</b>	<b>7,906</b>	<b>2,669</b>	<b>8,629</b>
<b>MEMBERSHIP ACTIVITIES:</b>									
<b>Contributions / Transfers In</b>									
Member contributions		131,185	114,011	95,088	98,967	20,026	7,353	9,008	6,899
Employer contributions		73,852	67,061	56,433	60,144	10,059	3,248	4,141	3,320
Government contributions		3,610	11,055	3,564	10,991	18	24	13	37
Tax credits		27,108	24,763	21,312	22,468	3,467	1,106	1,277	1,024
Transfers in from other schemes	10	165,771	8,490	4,770	5,307	123,745	1,447	10,044	1,580
Transfers (from)/to funds		-	-	(57,799)	(17,419)	15,881	7,232	2,834	7,584
<b>Total Contributions/Transfers In</b>		<b>401,526</b>	<b>225,380</b>	<b>123,368</b>	<b>180,458</b>	<b>173,196</b>	<b>20,410</b>	<b>27,317</b>	<b>20,444</b>
<b>Benefits Paid/Transfers Out/Administration Fees/PIE tax expense</b>									
Payment of benefits	9	(39,494)	(24,907)	(28,125)	(20,319)	(5,721)	(1,626)	(2,013)	(911)
Transfers out to other schemes		(88,018)	(77,636)	(73,029)	(72,540)	(9,113)	(2,384)	(3,265)	(2,406)
Administration fees	8	(2,965)	(2,953)	(2,531)	(2,746)	(247)	(95)	(104)	(93)
Portfolio investment entity taxation expense	16	(7,044)	(13,452)	(5,224)	(12,234)	(1,352)	(667)	95	(475)
<b>Total Benefits Paid/Transfers Out/Administration Fees/PIE tax expense</b>		<b>(137,521)</b>	<b>(118,948)</b>	<b>(108,909)</b>	<b>(107,839)</b>	<b>(16,433)</b>	<b>(4,772)</b>	<b>(5,287)</b>	<b>(3,885)</b>
<b>Total transactions with members in their capacity as members</b>		<b>264,005</b>	<b>106,432</b>	<b>14,459</b>	<b>72,619</b>	<b>156,763</b>	<b>15,638</b>	<b>22,030</b>	<b>16,559</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>1,083,860</b>	<b>883,440</b>	<b>924,978</b>	<b>775,225</b>	<b>76,687</b>	<b>53,143</b>	<b>70,889</b>	<b>45,701</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>		<b>1,398,163</b>	<b>1,083,860</b>	<b>978,688</b>	<b>924,978</b>	<b>240,030</b>	<b>76,687</b>	<b>95,588</b>	<b>70,889</b>

The accompanying notes form part of and should be read in conjunction with these Financial Statements.

**MERCER KIWISAVER SCHEME**  
**Statements of Changes in Net Assets**  
**For the Year Ended 31 March 2016**

	Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
		2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>INCOME</b>									
Interest income		5	5	12	-	9	-	2	-
Net gains on financial assets held at fair value through profit or loss	7	513	333	984	3	417	9	(21)	-
Sundry income		-	-	-	-	-	-	-	-
<b>Total Income</b>		<b>518</b>	<b>338</b>	<b>996</b>	<b>3</b>	<b>426</b>	<b>9</b>	<b>(19)</b>	<b>-</b>
<b>EXPENSES</b>									
Investment management and Supervisor fees	8	32	30	41	-	29	-	14	-
Manager fees (expense recoveries)	8	1	1	3	-	2	-	1	-
Other expenses		-	-	-	-	-	-	-	-
<b>Total Expenses</b>		<b>33</b>	<b>31</b>	<b>44</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>15</b>	<b>-</b>
<b>NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES</b>									
		<b>485</b>	<b>307</b>	<b>952</b>	<b>3</b>	<b>395</b>	<b>9</b>	<b>(34)</b>	<b>-</b>
<b>MEMBERSHIP ACTIVITIES:</b>									
<b>Contributions / Transfers In</b>									
Member contributions		1,029	772	3,370	5	2,005	10	659	5
Employer contributions		466	340	1,394	3	1,004	4	355	2
Government contributions		-	3	3	-	7	-	5	-
Tax credits		183	165	501	-	274	-	94	-
Transfers in from other schemes	10	2,691	59	3,542	64	13,311	5	7,668	28
Transfers (from)/to funds		4,385	904	24,843	440	9,287	1,050	569	209
<b>Total Contributions/Transfers In</b>		<b>8,754</b>	<b>2,243</b>	<b>33,653</b>	<b>512</b>	<b>25,888</b>	<b>1,069</b>	<b>9,350</b>	<b>244</b>
<b>Benefits Paid/Transfers Out/Administration Fees/PIE tax expense</b>									
Payment of benefits	9	(2,741)	(2,051)	(467)	-	(345)	-	(82)	-
Transfers out to other schemes		(497)	(302)	(973)	(4)	(805)	-	(336)	-
Administration fees	8	(21)	(19)	(36)	-	(20)	-	(6)	-
Portfolio investment entity taxation expense	16	(93)	(74)	(226)	(1)	(186)	(1)	(58)	-
<b>Total Benefits Paid/Transfers Out/Administration Fees/PIE tax expense</b>		<b>(3,352)</b>	<b>(2,446)</b>	<b>(1,702)</b>	<b>(5)</b>	<b>(1,356)</b>	<b>(1)</b>	<b>(482)</b>	<b>-</b>
<b>Total transactions with members in their capacity as members</b>		<b>5,402</b>	<b>(203)</b>	<b>31,951</b>	<b>507</b>	<b>24,532</b>	<b>1,068</b>	<b>8,868</b>	<b>244</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>9,475</b>	<b>9,371</b>	<b>510</b>	<b>-</b>	<b>1,077</b>	<b>-</b>	<b>244</b>	<b>-</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>		<b>15,362</b>	<b>9,475</b>	<b>33,413</b>	<b>510</b>	<b>26,004</b>	<b>1,077</b>	<b>9,078</b>	<b>244</b>

The accompanying notes form part of and should be read in conjunction with these Financial Statements.



**MERCER KIWISAVER SCHEME**  
**Statements of Cash Flows**  
**For the Year Ended 31 March 2016**

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Proceeds from sale of investments		33,470	160,742	98,570	138,766	236,519	25,402	96,818	23,386
Interest income		503	523	354	452	87	35	34	31
Sundry income		-	1	-	1	-	-	-	-
Payments for purchase of investments		(122,274)	(265,839)	(98,151)	(210,125)	(269,811)	(41,001)	(108,426)	(39,958)
Fees and other expenses paid		(3,386)	(2,958)	(2,732)	(2,553)	(346)	(202)	(196)	(175)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	11	<b>(91,687)</b>	<b>(107,531)</b>	<b>(1,959)</b>	<b>(73,459)</b>	<b>(33,551)</b>	<b>(15,766)</b>	<b>(11,770)</b>	<b>(16,716)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Member contributions		131,185	114,011	95,088	98,967	20,026	7,352	9,008	6,899
Employer contributions		73,852	67,060	56,433	60,144	10,059	3,248	4,141	3,320
Government contributions		3,610	11,055	3,564	10,991	18	24	13	37
Tax credits		27,108	24,763	21,312	22,468	3,467	1,106	1,277	1,024
Transfers in from other schemes		7,161	8,490	3,851	5,307	1,777	1,447	451	1,580
Transfers (from)/to portfolios		-	-	(57,799)	(17,420)	15,881	7,233	2,834	7,584
Portfolio investment entity taxation		(12,450)	(17,850)	(11,437)	(16,080)	(518)	(924)	(398)	(785)
Unallocated contributions		(255)	(427)	(279)	(302)	59	(28)	(39)	(95)
Benefits paid		(40,085)	(23,721)	(28,822)	(19,271)	(5,587)	(1,624)	(2,119)	(757)
Transfers out to other schemes		(88,018)	(77,636)	(73,029)	(72,540)	(9,113)	(2,384)	(3,265)	(2,406)
Administration fees		(2,706)	(3,253)	(2,336)	(2,997)	(208)	(120)	(93)	(113)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>99,402</b>	<b>102,492</b>	<b>6,546</b>	<b>69,267</b>	<b>35,861</b>	<b>15,330</b>	<b>11,810</b>	<b>16,288</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,715</b>	<b>(5,039)</b>	<b>4,587</b>	<b>(4,192)</b>	<b>2,310</b>	<b>(436)</b>	<b>40</b>	<b>(428)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>10,963</b>	<b>16,002</b>	<b>9,079</b>	<b>13,271</b>	<b>844</b>	<b>1,280</b>	<b>905</b>	<b>1,333</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>18,678</b>	<b>10,963</b>	<b>13,666</b>	<b>9,079</b>	<b>3,154</b>	<b>844</b>	<b>945</b>	<b>905</b>

The accompanying notes form part of and should be read in conjunction with these Financial Statements.

**MERCER KIWISAVER SCHEME**  
**Statements of Cash Flows**  
**For the Year Ended 31 March 2016**

	Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
		2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Proceeds from sale of investments		1,831	1,115	31,869	1	23,126	1	9,601	-
Interest income		5	5	12	-	9	-	2	-
Sundry income		-	-	-	-	-	-	-	-
Payments for purchase of investments		(4,674)	(900)	(60,702)	(480)	(34,572)	(1,064)	(10,802)	(240)
Fees and other expenses paid		(31)	(28)	(39)	-	(28)	-	(14)	-
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	11	<b>(2,869)</b>	<b>192</b>	<b>(28,860)</b>	<b>(479)</b>	<b>(11,465)</b>	<b>(1,063)</b>	<b>(1,213)</b>	<b>(240)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Member contributions		1,029	772	3,370	5	2,005	11	659	5
Employer contributions		466	340	1,394	3	1,004	4	355	1
Government contributions		-	3	3	-	7	-	5	-
Tax credits		183	165	501	-	274	-	94	-
Transfers in from other schemes		168	59	434	64	365	5	115	28
Transfers (from)/to portfolios		4,385	904	24,843	440	9,287	1,050	569	209
Portfolio investment entity taxation		(81)	(61)	(9)	-	(7)	-	-	-
Unallocated contributions		(2)	(6)	6	1	-	3	-	-
Benefits paid		(2,739)	(2,069)	(398)	-	(338)	-	(82)	-
Transfers out to other schemes		(497)	(302)	(973)	(4)	(805)	-	(336)	-
Administration fees		(19)	(23)	(29)	-	(16)	-	(5)	-
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>2,893</b>	<b>(218)</b>	<b>29,142</b>	<b>509</b>	<b>11,776</b>	<b>1,073</b>	<b>1,374</b>	<b>243</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>24</b>	<b>(26)</b>	<b>282</b>	<b>30</b>	<b>311</b>	<b>10</b>	<b>161</b>	<b>3</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>92</b>	<b>118</b>	<b>30</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>3</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>116</b>	<b>92</b>	<b>312</b>	<b>30</b>	<b>321</b>	<b>10</b>	<b>164</b>	<b>3</b>

The accompanying notes form part of and should be read in conjunction with these Financial Statements.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**1 SCHEME DESCRIPTION**

The Mercer KiwiSaver scheme ("the Scheme") is a KiwiSaver scheme registered under the KiwiSaver Act 2006 and has been specified as a default KiwiSaver scheme under that Act. The Scheme was established on 30 March 2007 in Auckland. The Scheme commenced accepting members on 1 October 2007. The Scheme is a defined contribution superannuation scheme and was established with the principal purpose of providing retirement benefits to members.

The legal document governing the Scheme is the Trust Deed dated 10 September 2015.

These financial statements are for the Scheme which comprises the following funds (together "The Funds"):

- Mercer Conservative (default fund)
- Mercer Balanced
- Mercer High Growth
- Mercer Cash
- Mercer Moderate (commenced 18 February 2015)
- Mercer Growth (commenced 18 February 2015)
- Mercer Shares (commenced 18 February 2015)

On 18 February 2015 Mercer Moderate, Mercer Growth and Mercer Shares were established to offer members a diversified mix of investment strategies. The comparative balances of Mercer Moderate, Mercer Growth and Mercer Shares cover the period from 18 February 2015 to 31 March 2015, while the current year balances represent the period from 1 April 2015 to 31 March 2016. The Funds invest in the following investment portfolios within Mercer Investment Trusts New Zealand ("MITNZ"):

<b>Mercer Investment Trusts New Zealand</b>	<b>Investment Portfolio</b>
Mercer Trans-Tasman Shares Trust	- Mercer Trans-Tasman Shares Portfolio
Mercer Unhedged Overseas Shares Trust	- Mercer Overseas Shares Portfolio - Mercer Overseas Shares Plus Portfolio - Mercer Overseas Low Volatility Shares Portfolio
Mercer Hedged Overseas Shares Trust	- Mercer Hedged Overseas Shares Portfolio - Mercer Hedged Overseas Shares Plus Portfolio
Mercer Overseas Small Companies and Emerging Markets Trust	- Mercer Overseas Small Companies Portfolio - Mercer Emerging Markets Portfolio
Mercer Trans-Tasman Property Trust	- Mercer Unlisted Property Portfolio
Mercer Overseas Property Trust	- Mercer Listed Property Portfolio - Mercer Listed Infrastructure Portfolio - Mercer Unlisted Infrastructure Portfolio
Mercer Alternative Assets Trust	- Mercer Alternative Assets Portfolio
Mercer Cash Trust	- Mercer Cash Portfolio
Mercer New Zealand Fixed Interest Trust	- Mercer New Zealand Sovereign Bond Portfolio
Mercer Overseas Fixed Interest Trust	- Mercer Overseas Sovereign Bond Portfolio - Mercer Global Credit Portfolio - Mercer Overseas Inflation Linked Bond Portfolio - Mercer Overseas Fixed Interest Portfolio - Mercer Emerging Markets Debt Portfolio
Mercer Commodities Trust	- Mercer Natural Resources Portfolio

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**1 SCHEME DESCRIPTION (Continued)**

Mercer Diversified Trust

- Mercer Balanced Portfolio
- Mercer Growth Portfolio
- Mercer High Growth Portfolio
- Mercer Moderate Portfolio
- Mercer Shares Portfolio

Mercer (N.Z.) Limited ("Mercer") is the Manager and Issuer of the Scheme. It is responsible for the management and administration of the Scheme, including responsibility for the preparation and issue of the Scheme's financial statements.

Trustees Executors Limited is the Supervisor of the Scheme and is licensed under the Financial Markets Supervisors Act 2011 to act as Supervisor of the Scheme.

The Manager's registered office is Level 18, 151 Queen Street, Auckland City, Auckland 1010.

Mercer Super Trust KiwiSaver Scheme, also managed by Mercer, wound up effective 30 June 2015. The Trust Deed of the Mercer Super Trust KiwiSaver Scheme requires members to transfer their membership and account balances to another KiwiSaver scheme upon wind-up. The majority of members in the Mercer Super Trust KiwiSaver Scheme elected to join the Mercer KiwiSaver Scheme and transfer their account balances accordingly. The transfer of assets occurred on 19 June 2015 between the underlying investment portfolios as the Funds of the Mercer Super Trust KiwiSaver Scheme and the Mercer KiwiSaver Scheme at that date were invested in the same investment portfolios. The amounts transferred into the Funds follow:

	<b>\$000s</b>
Mercer Conservative	919
Mercer Balanced	122,023
Mercer High Growth	9,598
Mercer Cash	2,524
Mercer Moderate	3,110
Mercer Growth	12,951
Mercer Shares	7,556
<b>Total</b>	<b><u>158,681</u></b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**2 BASIS OF PREPARATION**

The financial statements are being presented on a segregated portfolio basis in accordance with the requirements of the Financial Markets Conduct Act 2013. Segregated portfolio reporting has also been applied to 31 March 2015 comparatives.

The assets of each Fund are the exclusive property of that Fund, and all liabilities incurred in relation to a Fund are the exclusive liabilities of that Fund.

The results and position reported for the Scheme is an aggregation of the result, position and cashflows of the Funds that make up the Scheme and therefore not all interfund transactions are eliminated.

**Statement of Compliance**

The Scheme is the reporting entity. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the requirements of the Financial Markets Conduct Act 2013 and other relevant legislative requirements as appropriate for For-profit entities.

The Scheme is a Tier 1 entity and, as such, the financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), other New Zealand accounting standards and authoritative notices as appropriate for For-profit entities. These financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the Manager, Mercer, on 22 July 2016.

**Measurement Base**

The measurement base adopted is that of historical cost modified by the revaluation of financial assets held at fair value through profit or loss.

**Functional and Presentation Currency**

The financial statements are presented in New Zealand dollars which is the currency of the primary economic environment in which the Scheme operates (the 'functional currency'). The financial statements are rounded to the nearest thousand New Zealand dollar (the presentation currency).

**Assumptions, Estimates and Judgements**

The preparation of the financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements.

**Duration of the Scheme**

Clause 25 of the Trust Deed requires that the Scheme and each Member's Account will terminate:

- (i) at such time as the KiwiSaver Scheme Rules provide or the Manager determines.
- (ii) on termination of the Scheme, the Supervisor will on the Manager's direction (but subject to Rule 1C(2) of the KiwiSaver Scheme Rules) realise all Scheme Property, pay or discharge all Scheme Liabilities and expenses of termination and distribute the net proceeds to the Members in accordance with the relevant requirements provided that all Members whose Member's Accounts were invested in a particular Fund shall, on termination of their Member's Accounts, rank equally amongst themselves in respect of the resulting assets attributable to that Fund in proportion to the number of units each Member held in that Fund.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**2 BASIS OF PREPARATION (Continued)**

**Funding Arrangements**

The Scheme is a defined contribution scheme as defined by the KiwiSaver Act 2006. Funding in the form of contributions is received primarily from three sources: members of the Scheme; employers of members of the Scheme; and the Government (in accordance with the provisions of the KiwiSaver Act 2006). Members may contribute to the Scheme at varying designated additional contributions in excess of any salary or wage linked contributions. As of 31 March 2016, employer contribution rates are either 3% or greater (2015: 3% or greater) of each relevant member's gross salary or wages.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of the financial statements are set out below.

Except for the changes explained in Note 3(xiii), the accounting policies set out below have been applied consistently to all periods.

**(i) Income**

*Interest income*

Interest income as recognised in the Statements of Changes in Net Assets is derived from cash at bank and is recognised on a time-proportionate basis using the effective interest method.

*Changes in fair value of investments*

Net gains or losses on financial assets held at fair value through profit or loss are calculated as the difference between fair value at sale, or at period end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest income and is net of any fees charged within underlying unit trust investments where these are incurred through a reduction in the value of the investment.

*Sundry income*

Sundry income as recognised in the Statements of Changes in Net Assets is accounted for on an accruals basis.

**(ii) Financial Assets at Fair Value Through Profit or Loss**

*Classification*

The Scheme designates its investment securities comprising investments in unlisted unit trusts as financial assets at fair value through profit or loss at inception.

Financial assets held at fair value through profit or loss are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information. As stated above, the Manager has determined that all financial assets of the Scheme are held at fair value through profit or loss with the exception of cash and cash equivalents, classified as loans and receivables.

*Recognition and derecognition*

Purchases and sales of investments are recognised on the trade date - the date on which the Scheme commits to purchase or sell the investment.

Investments are derecognised when the rights to receive cashflows from the investment have expired or the Scheme has transferred substantially all risks and rewards of ownership.

*Measurement*

Financial assets held at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statements of Changes in Net Assets. Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets held at fair value through profit or loss' category are included in the Statements of Changes in Net Assets in the period in which they arise.

*Fair value estimation*

The fair value of units held by the Scheme in managed investment trusts is determined by reference to published bid prices at the close of business on the reporting date being the redemption price established by the underlying fund manager.

*Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statements of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(iii) **Expenses**

All expenses are accounted for on an accrual basis.

(iv) **Taxation**

The Scheme qualifies as, and has elected to be treated as, a Portfolio Investment Entity ("PIE") for tax purposes.

Under the PIE regime, the Manager attributes the taxable income of the Scheme to members in accordance with their proportionate interest in the Scheme. The income attributed to each member is taxed at the member's prescribed investor rate ("PIR") which is currently capped at 28%. The Manager accounts for tax on behalf of natural persons and certain other members and adjusts the members' interests in the Scheme to reflect that tax is paid at varying rates on behalf of the members. There is a unit price for each Fund and for each tax rate.

As the legislation regarding the taxation of a PIE provides that the Scheme pays tax on behalf of its members. The PIE taxation expense/(refund) disclosed in the Statements of Changes in Net Assets is the expense attributable to members and is measured based on tax rates applicable to those members.

The tax amounts in the Statements of Net Assets represent the remaining tax payable/(receivable) by the Scheme on behalf of the members under the PIE regime to 31 March each year.

(v) **Loans and Receivables**

Loans and receivables may include amounts for interest and cash at bank. Loans and receivables are initially recognised at fair value, being the amounts receivable. They are subsequently measured at amortised cost using the effective interest method, reduced for impairment as appropriate. Any impairment charge is recognised within expenses in the Statements of Changes in Net Assets.

(vi) **Payables**

Payables are not interest-bearing and are initially stated at their fair value then subsequently measured at amortised cost using the effective interest method. The carrying amounts of the payables in the Scheme at balance date are a reasonable approximation of their fair value.

(vii) **Net Assets Attributable to Members**

The net assets attributable to members represents the liability for promised retirement benefits and are measured at amortised cost.

The Scheme issues units in each Fund that are redeemable at the Member's option and do not have identical features and are therefore classified as financial liabilities. The units can be put back to the Scheme at any time for the purpose of permitted withdrawals (such as reaching the retirement age of 65 or enduring significant hardship), transferred to another Fund within the Scheme or a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable at the period end date if Members exercise their right to put the units back to the Funds.

As stipulated in the Trust Deed, each unit represents a right to an individual share in the respective Fund and does not extend to a right in the underlying assets of the respective Fund. Separate classes of units are created within the Funds to reflect the PIR of the Members. Each Member's account is invested in classes of units within the relevant Funds based on the member's PIR that has been most recently notified to the Manager. Each unit of a specified class has the same rights attaching to it as all other units of the same class within the relevant Fund.

Units are issued and redeemed at the holder's option at prices based on the Funds' net asset value per class of unit at the time of issue or redemption. The Funds' net asset value per class of unit is calculated by dividing the net assets attributable to all holders of units in the same class for each Fund by the total number of units on issue of the same class in each Fund.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(viii) **Accounting Policy for Investment Entities**

Whilst the Scheme has investments in a number of related party wholesale investment trusts, it has not prepared consolidated financial statements. The Scheme has determined that it is an investment entity under the definition in NZ IFRS 10 Consolidated Financial Statements as it meets the following criteria:

- the Scheme has obtained funds from unitholders for the purpose of providing them with investment management services;
- the Scheme's business purpose, which it communicated directly to unit holders, is investing solely for returns from capital appreciation; and
- the performance of investments made by the Scheme are measured and evaluated on a fair value basis.

The Scheme also meets all of the typical characteristics of an investment entity.

As a consequence, in the event the interest in the wholesale investment trusts gives rise to control, the Scheme is not required to consolidate these investments, and continues to account for these investments at fair value through profit or loss.

(ix) **Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, cash at bank and deposits held at call with banks with an original maturity of three months or less.

(x) **Statements of Cash Flows**

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Scheme's main income generating activity.

The cash flows of the Scheme do not include those of the investment managers. The following are definitions of the terms used in the Statements of Cash Flows:

**Operating activities** - are those relating to the principal income-producing activities of the Scheme and other activities that are not financing activities. These include those cash flows relating to the acquisitions, holding and disposal of investments and investments in securities not falling within the definition of cash.

**Financing activities** - are those activities that result in changes in the size and composition of member's funds. This includes elements of members' funds not falling within the definition of cash.

(xi) **Contributions and Withdrawals**

Contributions and withdrawals are accounted for on an accruals basis. Contributions are initially recognised at fair value when the Manager has confirmed the validity of the application details and instructions. Claims for death, retirement or other benefits are recognised when the Member meets the condition required for withdrawal eligibility.

Unallocated contributions arise when monies have been received but not yet allocated to members' accounts in the administration system at balance date. Unallocated contributions are recorded at their value, being the amounts received, and units are purchased at the unit price applicable on the date of allocation to members' accounts.

(xii) **Goods and Services Tax (GST)**

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where applicable.

(xiii) **Application of Accounting Standards**

(a) New and amended standards adopted by the Scheme:

The standards, amendments to existing standards and interpretations that are effective for the first time for the financial year beginning 1 April 2015 do not have a material impact on the Financial Statements of the Scheme.



**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(xiii) **Application of Accounting Standards (Continued)**

(b) New standards, amendments and interpretations not yet adopted:

The following new standard relevant to the Scheme is not yet effective and has not yet been applied in preparing the financial statements:

NZ IFRS 9: Financial Instruments is applicable to annual reporting periods beginning on or after 1 January 2018. The Scheme plans to adopt this standard for the financial year ending 31 March 2019. NZ IFRS 9 was issued in September 2014 as a complete version of the standard and will replace parts of the existing standard NZ IAS 39: Financial Instruments Recognition and Measurement that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The adoption of this standard may result in additional or amended disclosures and its impact on the Scheme's reported result or financial position has not yet been assessed.

There are no other new standards, amendments or interpretations that are expected to have an impact on the Scheme's financial statements.

(xiv) **Comparative Information**

Administration fees are a fixed monthly fee of \$2.50 per unit holder. In the prior year, administration fees were disclosed in the Statement of Changes in Net Assets as Other Expenses. These fees are incurred by the unit holder as an account servicing expense via unit deduction and are not related to the performance of the Scheme. As this fee reflects an expense for unit holders in their capacity as participants in the Scheme, these fees have been reclassified to Membership Activities in the Statement of Changes in Net Assets in the current year. Prior year balances have been restated to be consistent with current year disclosures. This has an impact on the following comparative financial statement line items:

	TOTAL 2015 \$000s	Mercer Conservative 2015 \$000s	Mercer Balanced 2015 \$000s	Mercer High Growth 2015 \$000s	Mercer Cash 2015 \$000s	Mercer Moderate 2015 \$000s	Mercer Growth 2015 \$000s	Mercer Shares 2015 \$000s
<b>Statements of Changes in Net Assets</b>								
<b>Reclassification of Administration fees from Expenses to Membership Activities</b>	2,953	2,746	95	93	19	-	-	-

This reclassification has resulted in an increase of Net Profit before Membership Activities, Administration fees in Membership Activities, and Total benefits paid/transfers out/administration fees/PIE tax expense. Consequently, this has resulted in a decrease in Administration fees in Expenses, Total Expenses, and Total transactions with members in their capacity as members.

**Statements of Net Assets**

The reclassification has no impact on the Statements of Net Assets.

	TOTAL 2015 \$000s	Mercer Conservative 2015 \$000s	Mercer Balanced 2015 \$000s	Mercer High Growth 2015 \$000s	Mercer Cash 2015 \$000s	Mercer Moderate 2015 \$000s	Mercer Growth 2015 \$000s	Mercer Shares 2015 \$000s
<b>Statements of Cash Flows</b>								
<b>Reclassification of Administration fees from Cash flows from operating activities to Cash flows from financing activities</b>	3,253	2,997	120	113	23	-	-	-

This reclassification has resulted in an increase in net cash (used in)/from operating activities and a decrease in net cash from/(used in) financing activities. Consequently, this has resulted in an increase in administration fees in financing activities and a decrease in fees and other expenses paid in operating activities.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**4 VESTED BENEFITS**

Vested benefits are the rights that under the conditions of the Scheme's Trust Deed, are not conditional on continued membership.

All benefits are fully vested to members' accounts unless otherwise indicated in the notes.

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Member accounts	1,397,936	1,082,944	978,208	924,114	240,142	76,781	95,605	70,715
Adjustments arising from valuation differences	227	916	480	864	(112)	(94)	(17)	174
<b>Net Assets Attributable to Members</b>	<b>1,398,163</b>	<b>1,083,860</b>	<b>978,688</b>	<b>924,978</b>	<b>240,030</b>	<b>76,687</b>	<b>95,588</b>	<b>70,889</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Member accounts	15,321	9,509	33,525	510	26,045	1,071	9,090	244
Adjustments arising from valuation differences	41	(34)	(112)	-	(41)	6	(12)	-
<b>Net Assets Attributable to Members</b>	<b>15,362</b>	<b>9,475</b>	<b>33,413</b>	<b>510</b>	<b>26,004</b>	<b>1,077</b>	<b>9,078</b>	<b>244</b>

Valuation differences exist between the Net assets attributable to members and vested benefits because of the following: Net assets attributable to members are derived using accounting principles on an accruals basis resulting in timing differences in the settlement of certain accrued items and the impact thereof on unit pricing, whereas vested benefits are derived as the sum of individual member account balances, which are calculated using the 31 March unit prices.

**5 GUARANTEED BENEFITS**

No guarantees have been made in respect of any part of the Net Assets Attributable to Members.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**6 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS**

The Scheme held investments in the following unlisted Unit Trusts:

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Designated at fair value through profit or loss								
Mercer Australian Inflation Linked Bonds Portfolio	-	1,336	-	-	-	968	-	355
Mercer Australian Sovereign Bonds Portfolio	-	780	-	506	-	239	-	31
Mercer Balanced Portfolio	238,746	-	-	-	238,746	-	-	-
Mercer Emerging Markets Debt Portfolio	-	1,549	-	-	-	1,035	-	499
Mercer Emerging Markets Portfolio	-	7,523	-	-	-	2,682	-	4,751
Mercer Global Credit Portfolio	132,231	127,435	132,231	121,753	-	5,233	-	374
Mercer Growth Portfolio	25,881	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	37,175	52,506	37,175	33,001	-	7,217	-	12,050
Mercer Cash Portfolio	357,503	340,808	342,159	321,257	-	9,200	-	642
Mercer Liquid Alternative Strategies Portfolio	-	4,412	-	-	-	2,280	-	2,091
Mercer Listed Infrastructure Portfolio	3,865	13,001	3,865	8,238	-	2,282	-	2,439
Mercer Listed Property Portfolio	4,520	7,171	4,520	3,304	-	2,007	-	1,830
Mercer High Growth Portfolio	94,740	-	-	-	-	-	94,740	-
Mercer Moderate Portfolio	33,407	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	3,073	7,146	3,073	4,580	-	1,072	-	1,468
Mercer New Zealand Sovereign Bond Portfolio	146,355	148,375	146,355	138,845	-	7,981	-	1,441
Mercer Hedged Overseas Shares Portfolio	13,766	18,630	13,766	12,190	-	2,331	-	4,036
Mercer Overseas Low Volatility Shares Portfolio	11,905	17,199	11,905	11,579	-	1,867	-	3,677
Mercer Overseas Small Companies Portfolio	-	6,067	-	-	-	2,140	-	3,859
Mercer Overseas Sovereign Bond Portfolio	152,220	152,970	152,220	145,335	-	7,249	-	293
Mercer Passive Listed Infrastructure Portfolio	-	672	-	478	-	123	-	71
Mercer Passive Listed Property Portfolio	-	588	-	460	-	85	-	43
Mercer Select Alternative Strategies Portfolio	-	-	-	-	-	-	-	-
Mercer Shares Portfolio	8,974	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	41,513	66,460	41,513	46,043	-	7,553	-	12,637
Mercer Overseas Shares Portfolio	15,079	20,019	15,079	14,998	-	1,963	-	3,003
Mercer Overseas Shares Plus Portfolio	44,426	56,309	44,426	41,533	-	5,742	-	8,872
Mercer Unlisted Infrastructure Portfolio	12,978	20,865	12,978	14,892	-	2,679	-	3,235
Mercer Unlisted Property Portfolio	11,681	17,487	11,681	11,669	-	2,727	-	3,035
<b>Total Investments held at Fair Value through profit or loss</b>	<b>1,390,038</b>	<b>1,089,308</b>	<b>972,946</b>	<b>930,661</b>	<b>238,746</b>	<b>76,655</b>	<b>94,740</b>	<b>70,732</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**6 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

The Scheme held investments in the following unlisted Unit Trusts:

Designated at fair value through profit or loss	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Mercer Australian Inflation Linked Bonds Portfolio	-	-	-	3	-	-	10	-
Mercer Australian Sovereign Bonds Portfolio	-	-	-	1	-	-	3	-
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	-	-	-	4	-	-	11	-
Mercer Emerging Markets Portfolio	-	-	-	8	-	-	61	21
Mercer Global Credit Portfolio	-	-	-	33	-	-	42	-
Mercer Growth Portfolio	-	-	-	-	25,881	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	-	-	21	-	-	166	51
Mercer Cash Portfolio	15,344	9,465	-	196	-	-	48	-
Mercer Liquid Alternative Strategies Portfolio	-	-	-	11	-	-	30	-
Mercer Listed Infrastructure Portfolio	-	-	-	7	-	-	35	-
Mercer Listed Property Portfolio	-	-	-	5	-	-	25	-
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	33,407	-	-	-	-	-
Mercer Natural Resources Portfolio	-	-	-	4	-	-	22	-
Mercer New Zealand Sovereign Bond Portfolio	-	-	-	54	-	-	54	-
Mercer Hedged Overseas Shares Portfolio	-	-	-	7	-	-	49	17
Mercer Overseas Low Volatility Shares Portfolio	-	-	-	4	-	-	52	20
Mercer Overseas Small Companies Portfolio	-	-	-	6	-	-	45	17
Mercer Overseas Sovereign Bond Portfolio	-	-	-	45	-	-	48	-
Mercer Passive Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-
Mercer Passive Listed Property Portfolio	-	-	-	-	-	-	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	-	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	8,974	-
Mercer Trans-Tasman Shares Portfolio	-	-	-	27	-	-	130	70
Mercer Overseas Shares Portfolio	-	-	-	6	-	-	37	12
Mercer Overseas Shares Plus Portfolio	-	-	-	20	-	-	109	33
Mercer Unlisted Infrastructure Portfolio	-	-	-	10	-	-	49	-
Mercer Unlisted Property Portfolio	-	-	-	10	-	-	46	-
<b>Total Investments held at Fair Value through profit or loss</b>	<b>15,344</b>	<b>9,465</b>	<b>33,407</b>	<b>482</b>	<b>25,881</b>	<b>1,072</b>	<b>8,974</b>	<b>241</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**6 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

The following investments are greater than 5% of the relevant class of security for the Scheme's funds:

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Designated at fair value through profit or loss	-	-	-	-	-	-	-	-
Mercer Australian Inflation Linked Bonds Portfolio	-	-	-	-	-	-	-	-
Mercer Australian Sovereign Bonds Portfolio	-	-	-	-	-	-	-	-
Mercer Balanced Portfolio	238,746	-	-	-	238,746	-	-	-
Mercer Emerging Markets Debt Portfolio	-	-	-	-	-	-	-	-
Mercer Emerging Markets Portfolio	-	-	-	-	-	-	-	4,751
Mercer Global Credit Portfolio	132,231	127,435	132,231	121,753	-	5,233	-	-
Mercer Growth Portfolio	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	-	-	-	-	7,217	-	12,050
Mercer Cash Portfolio	357,503	340,808	342,159	321,257	-	9,200	-	-
Mercer Liquid Alternative Strategies Portfolio	-	-	-	-	-	-	-	-
Mercer Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-
Mercer Listed Property Portfolio	-	-	-	-	-	-	-	-
Mercer High Growth Portfolio	94,740	-	-	-	-	-	94,740	-
Mercer Moderate Portfolio	-	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	-	-	-	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	146,355	148,375	146,355	138,845	-	7,981	-	-
Mercer Hedged Overseas Shares Portfolio	-	-	-	-	-	-	-	4,036
Mercer Overseas Low Volatility Shares Portfolio	-	-	-	-	-	-	-	3,677
Mercer Overseas Small Companies Portfolio	-	-	-	-	-	-	-	3,859
Mercer Overseas Sovereign Bond Portfolio	152,220	152,970	152,220	145,335	-	7,249	-	-
Mercer Passive Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-
Mercer Passive Listed Property Portfolio	-	-	-	-	-	-	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	-	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	-	66,460	-	-	-	7,553	-	12,637
Mercer Overseas Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Overseas Shares Plus Portfolio	-	56,309	-	-	-	5,742	-	8,872
Mercer Unlisted Infrastructure Portfolio	-	-	-	-	-	-	-	-
Mercer Unlisted Property Portfolio	-	-	-	-	-	-	-	-
<b>Total Investments held at Fair Value through profit or loss</b>	<b>1,121,795</b>	<b>892,357</b>	<b>772,965</b>	<b>727,190</b>	<b>238,746</b>	<b>50,175</b>	<b>94,740</b>	<b>49,882</b>

**MERCER KIWISAVER SCHEME**  
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**6 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

The following investments are greater than 5% of the relevant class of security for the Scheme's funds:

Designated at fair value through profit or loss	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Mercer Australian Inflation Linked Bonds Portfolio	-	-	-	-	-	-	-	-
Mercer Australian Sovereign Bonds Portfolio	-	-	-	-	-	-	-	-
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	-	-	-	-	-	-	-	-
Mercer Emerging Markets Portfolio	-	-	-	-	-	61	-	21
Mercer Global Credit Portfolio	-	-	-	33	-	-	-	-
Mercer Growth Portfolio	-	-	-	-	25,881	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	-	-	-	-	166	-	51
Mercer Cash Portfolio	15,344	9,465	-	196	-	-	-	-
Mercer Liquid Alternative Strategies Portfolio	-	-	-	-	-	-	-	-
Mercer Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-
Mercer Listed Property Portfolio	-	-	-	-	-	-	-	-
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	33,407	-	-	-	-	-
Mercer Natural Resources Portfolio	-	-	-	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	-	-	54	-	54	-	-
Mercer Hedged Overseas Shares Portfolio	-	-	-	-	-	-	-	17
Mercer Overseas Low Volatility Shares Portfolio	-	-	-	-	-	-	-	20
Mercer Overseas Small Companies Portfolio	-	-	-	-	-	-	-	17
Mercer Overseas Sovereign Bond Portfolio	-	-	-	45	-	-	-	-
Mercer Passive Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-
Mercer Passive Listed Property Portfolio	-	-	-	-	-	-	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	-	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	8,974	-
Mercer Trans-Tasman Shares Portfolio	-	-	-	27	-	130	-	70
Mercer Unhedged Overseas Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Overseas Shares Plus Portfolio	-	-	-	-	-	109	-	33
Mercer Unlisted Infrastructure Portfolio	-	-	-	-	-	-	-	-
Mercer Unlisted Property Portfolio	-	-	-	-	-	-	-	-
<b>Total Investments held at Fair Value through profit or loss</b>	<b>15,344</b>	<b>9,465</b>	<b>33,407</b>	<b>355</b>	<b>25,881</b>	<b>520</b>	<b>8,974</b>	<b>229</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**6 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

**Fair Value Hierarchy**

The Scheme's financial instruments carried at fair value are grouped into Levels 1 to 3 based upon the degree to which the fair value is observable. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as published prices being the redemption price established by the underlying fund manager) or indirectly (i.e., derived from prices); or

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments held at fair value through profit or loss are classified as Level 2 under the fair value hierarchy as the fair value of these investments at balance date is determined using the last available redemption unit price of those funds (2015: Same). During the year there were no transfers of investments between levels (2015: Same).

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**7 NET GAINS/(LOSSES) ON FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS**

The Scheme derived net gains/(losses) on financial assets held at fair value through profit or loss during the year in the following unlisted Unit Trusts:

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Mercer Australian Inflation Linked Bonds Portfolio	27	37	-	-	31	27	(6)	10
Mercer Australian Sovereign Bonds Portfolio	4	2,943	185	2,604	(163)	286	(17)	52
Mercer Balanced Portfolio	3,853	-	-	-	3,853	-	-	-
Mercer Emerging Markets Debt Portfolio	(98)	21	-	-	(79)	14	1	7
Mercer Emerging Markets Portfolio	(668)	733	-	-	(379)	268	(69)	464
Mercer Global Credit Portfolio	5,246	10,518	5,267	10,075	(35)	414	(23)	29
Mercer Growth Portfolio	308	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	(3,966)	7,014	(1,907)	4,453	(847)	973	(930)	1,587
Mercer Cash Portfolio	11,956	11,899	10,078	11,191	829	335	508	39
Mercer Liquid Alternative Strategies Portfolio	(23)	429	-	-	(22)	221	2	208
Mercer Listed Infrastructure Portfolio	(227)	1,154	(83)	733	(81)	202	(52)	219
Mercer Listed Property Portfolio	(114)	1,004	71	491	(84)	266	(123)	247
Mercer High Growth Portfolio	966	-	-	-	-	-	966	-
Mercer Moderate Portfolio	627	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	(601)	(926)	(355)	(596)	(123)	(141)	(94)	(189)
Mercer New Zealand Sovereign Bond Portfolio	9,911	9,238	9,092	8,657	592	491	79	90
Mercer Hedged Overseas Shares Portfolio	(880)	3,424	(531)	2,261	(78)	437	(244)	725
Mercer Overseas Low Volatility Shares Portfolio	2,518	760	961	493	628	93	831	174
Mercer Overseas Small Companies Portfolio	313	774	-	-	119	283	203	491
Mercer Overseas Sovereign Bond Portfolio	7,500	17,396	7,087	16,556	244	798	64	40
Mercer Passive Listed Infrastructure Portfolio	10	1,220	153	1,129	(97)	47	(46)	44
Mercer Passive Listed Property Portfolio	7	1,080	96	1,010	(64)	38	(25)	32
Mercer Select Alternative Strategies Portfolio	35	-	-	-	23	-	7	-
Mercer Shares Portfolio	79	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	7,775	7,388	6,237	5,133	842	852	476	1,402
Mercer Overseas Shares Portfolio	1,418	5,644	994	4,287	181	542	203	814
Mercer Overseas Shares Plus Portfolio	2,442	11,280	1,870	8,418	170	1,135	409	1,725
Mercer Unlisted Infrastructure Portfolio	2,723	1,925	1,405	1,368	781	254	379	302
Mercer Unlisted Property Portfolio	2,175	1,611	1,165	1,074	590	256	308	281
<b>Total net gains/(losses) on financial assets held at fair value through profit or loss</b>	<b>53,316</b>	<b>96,566</b>	<b>41,785</b>	<b>79,337</b>	<b>6,831</b>	<b>8,091</b>	<b>2,807</b>	<b>8,793</b>



**MERCER KIWISAVER SCHEME**  
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**7 NET GAINS/(LOSSES) ON FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Mercer Australian Inflation Linked Bonds Portfolio	-	-	1	-	1	-	-	-
Mercer Australian Sovereign Bonds Portfolio	-	-	-	-	(1)	1	-	-
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	-	-	(9)	-	(11)	-	-	-
Mercer Emerging Markets Portfolio	-	-	(46)	-	(103)	1	(71)	-
Mercer Global Credit Portfolio	-	-	25	-	12	-	-	-
Mercer Growth Portfolio	-	-	-	-	308	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	-	(73)	-	(134)	1	(75)	-
Mercer Cash Portfolio	513	333	14	1	14	-	-	-
Mercer Liquid Alternative Strategies Portfolio	-	-	(2)	-	(1)	-	-	-
Mercer Listed Infrastructure Portfolio	-	-	(9)	-	(2)	-	-	-
Mercer Listed Property Portfolio	-	-	6	-	16	-	-	-
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	627	-	-	-	-	-
Mercer Natural Resources Portfolio	-	-	(13)	-	(16)	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	-	114	-	34	-	-	-
Mercer Hedged Overseas Shares Portfolio	-	-	(12)	-	(8)	1	(7)	-
Mercer Overseas Low Volatility Shares Portfolio	-	-	28	-	47	-	23	-
Mercer Overseas Small Companies Portfolio	-	-	13	-	(9)	-	(13)	-
Mercer Overseas Sovereign Bond Portfolio	-	-	78	1	27	1	-	-
Mercer Passive Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-
Mercer Passive Listed Property Portfolio	-	-	-	-	-	-	-	-
Mercer Select Alternative Strategies Portfolio	-	-	2	-	3	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	79	-
Mercer Trans-Tasman Shares Portfolio	-	-	74	-	85	1	61	-
Mercer Overseas Shares Portfolio	-	-	21	-	14	1	5	-
Mercer Overseas Shares Plus Portfolio	-	-	29	1	(13)	1	(23)	-
Mercer Unlisted Infrastructure Portfolio	-	-	66	-	92	1	-	-
Mercer Unlisted Property Portfolio	-	-	50	-	62	-	-	-
<b>Total net gains/(losses) on financial assets held at fair value through profit or loss</b>	<b>513</b>	<b>333</b>	<b>984</b>	<b>3</b>	<b>417</b>	<b>9</b>	<b>(21)</b>	<b>-</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**8 RELATED PARTIES**

The related parties of the Scheme comprise the Manager and the Supervisor and their related entities.

The Manager and Supervisor are entitled to remuneration from the Scheme. This is represented by the Investment management and Supervisor fees and Administration fees in the Statements of Changes in Net Assets. These are recovered through the cancellation of units on the basis of the daily net asset value for asset based fees or per member for fixed fees. In 2016, Fund charges consisting of In Fund costs, Expenses reimbursed by the Manager, Investment management fees and Supervisor fees have been deducted. The fee rates for 2016 and 2015 are disclosed below.

Portfolio	2016			2015		
	Investment management fee	Administration fee	Supervisor fee	Investment management fee	Administration fee	Supervisor fee
	% p.a.	\$ per month per member	% p.a.	% p.a.	\$ per month per member	% p.a.
Mercer Conservative	0.50%	\$2.50	up to 0.03%	0.50%	\$2.50	up to 0.03%
Mercer Balanced	0.68%	\$2.50	up to 0.03%	0.68%	\$2.50	up to 0.03%
Mercer High Growth	0.82%	\$2.50	up to 0.03%	0.82%	\$2.50	up to 0.03%
Mercer Cash	0.32%	\$2.50	up to 0.03%	0.32%	\$2.50	up to 0.03%
Mercer Moderate	0.59%	\$2.50	up to 0.03%	0.59%	\$2.50	up to 0.03%
Mercer Growth	0.77%	\$2.50	up to 0.03%	0.77%	\$2.50	up to 0.03%
Mercer Shares	0.90%	\$2.50	up to 0.03%	0.90%	\$2.50	up to 0.03%

Investment management fees incurred by the Scheme are deducted through two components:

- The first component comprises investment management fees charged at MITNZ level, a series of wholesale investment trusts managed by Mercer which the Scheme holds as disclosed in Note 6. These investment management fees are incurred through a reduction in the unit price of MITNZ holdings of the Scheme. This is reflected within net gains on financial assets held at fair value through profit or loss in the Statements of Changes in Net Assets.
- The second component is fees deducted directly from the Scheme and invoiced by Mercer. These represent the balancing amounts of asset based investment management fees once the deduction of fees from MITNZ are taken into account.

All related party transactions are conducted on normal commercial terms and conditions.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**8 RELATED PARTIES (Continued)**

Amounts paid to Mercer for their services as investment manager and administrator including investment management fees paid to Mercer (N.Z.) Limited and third party investment managers via the Mercer Investment Trusts New Zealand ("MITNZ") unit price and Supervisor fees paid by Mercer for the year are disclosed below.

As outlined in the Scheme's Trust Deed, the Manager is also entitled to be reimbursed for various fees and expenses incurred in acting as Manager. In the disclosure below these expenses are titled Manager fees (expense recoveries) and may include legal and other professional services, audit and tax fees and filing fees.

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Investment management fees</b>								
Investment management fees paid to Mercer	3,074	2,783	2,564	2,382	268	198	142	175
Investment management fees paid to Mercer, related party and third party Investment managers via MITNZ unit price	3,911	2,439	2,050	1,866	1,030	268	543	303
<b>Total investment management fees</b>	<b>6,985</b>	<b>5,222</b>	<b>4,614</b>	<b>4,248</b>	<b>1,298</b>	<b>466</b>	<b>685</b>	<b>478</b>
<b>Administration fees</b>								
Administration fees paid to Mercer	2,965	2,953	2,531	2,746	247	95	104	93
<b>Supervisor fees</b>								
Supervisor fees paid to Trustees Executors Limited by Mercer - current year	317	244	232	211	48	16	21	15
Supervisor fees paid to Trustees Executors Limited by Mercer - prior years	(163)	-	(137)	-	(13)	-	(11)	-
<b>Manager fees (expense recoveries)</b>								
Manager fees (expense recoveries) paid to Mercer	129	74	91	62	22	6	9	5
<b>Total</b>	<b>10,233</b>	<b>8,493</b>	<b>7,331</b>	<b>7,267</b>	<b>1,602</b>	<b>583</b>	<b>808</b>	<b>591</b>
	<b>Mercer Cash</b>		<b>Mercer Moderate</b>		<b>Mercer Growth</b>		<b>Mercer Shares</b>	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Investment management fees</b>								
Investment management fees paid to Mercer	29	28	35	-	24	-	12	-
Investment management fees paid to Mercer, related party and third party Investment managers via MITNZ unit price	9	2	115	-	116	-	48	-
<b>Total investment management fees</b>	<b>38</b>	<b>30</b>	<b>150</b>	<b>-</b>	<b>140</b>	<b>-</b>	<b>60</b>	<b>-</b>
<b>Administration fees</b>								
Administration fees paid to Mercer	21	19	36	-	20	-	6	-
<b>Supervisor fees</b>								
Supervisor fees paid to Trustees Executors Limited by Mercer - current year	3	2	6	-	5	-	2	-
Supervisor fees paid to Trustees Executors Limited by Mercer - prior years	(2)	-	-	-	-	-	-	-
<b>Manager fees (expense recoveries)</b>								
Manager fees (expense recoveries) paid to Mercer	1	1	3	-	2	-	1	-
<b>Total</b>	<b>61</b>	<b>52</b>	<b>195</b>	<b>-</b>	<b>167</b>	<b>-</b>	<b>69</b>	<b>-</b>

Outstanding balances due to related parties are due within seven days and are not interest bearing.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**8 RELATED PARTIES (Continued)**

Amounts payable to Mercer as at 31 March are as follows:

Portfolio	Investment management fees		Supervisor fees		Manager fees (expense recoveries)		Administration fees	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Mercer Conservative	464	230	20	47	91	142	416	221
Mercer Balanced	6	17	5	13	22	11	47	8
Mercer High Growth	3	17	2	11	9	10	18	7
Mercer Cash	7	2	-	2	1	2	4	2
Mercer Moderate	1	-	1	-	3	-	7	-
Mercer Growth	-	-	1	-	2	-	4	-
Mercer Shares	-	-	-	-	1	-	1	-
<b>Total</b>	<b>481</b>	<b>266</b>	<b>29</b>	<b>73</b>	<b>129</b>	<b>165</b>	<b>497</b>	<b>238</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**8 RELATED PARTIES (Continued)**

**Transfers in from Mercer Super Trust KiwiSaver Scheme ("MSTKS")**

Mercer Super Trust KiwiSaver Scheme, also managed by Mercer, wound up effective 30 June 2015. In accordance with the wind-up provisions of the Trust Deed, all members who were not eligible for retirement, transferred their membership and account balances to other KiwiSaver schemes. The Scheme received transfer values of \$158,681,409 representing account balances of 6,583 members as a result of the wind-up of the Mercer Super Trust KiwiSaver Scheme. The transfer was effected through a transfer of investments in MITNZ of \$157,125,403 and cash of \$1,556,006.

<b>Transfers in from Mercer Super Trust KiwiSaver Scheme</b>	<b>TOTAL</b>	<b>Mercer</b>	<b>Mercer</b>	<b>Mercer High</b>	<b>Mercer Cash</b>	<b>Mercer</b>	<b>Mercer</b>	<b>Mercer</b>
	<b>2016</b>	<b>Conservative</b>	<b>Balanced</b>	<b>Growth</b>	<b>2016</b>	<b>Moderate</b>	<b>Growth</b>	<b>Shares</b>
	<b>\$000s</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Mercer Australian Inflation Linked Bonds Portfolio	2,309	-	2,124	45	-	22	118	-
Mercer Emerging Markets Debt Portfolio	2,866	-	2,496	97	-	47	226	-
Mercer Emerging Markets Portfolio	6,592	-	4,500	634	-	65	708	685
Mercer Global Credit Portfolio	8,834	121	7,907	47	-	260	499	-
Mercer Hedged Overseas Shares Plus Portfolio	15,950	32	10,855	1,569	-	161	1,733	1,600
Mercer Cash Portfolio	19,072	317	14,631	188	2,523	786	627	-
Mercer Liquid Alternative Strategies Portfolio	618	-	515	39	-	13	51	-
Mercer Listed Infrastructure Portfolio	3,122	3	2,609	203	-	37	270	-
Mercer Listed Property Portfolio	3,315	2	2,727	237	-	41	308	-
Mercer Natural Resources Portfolio	2,127	3	1,682	177	-	27	238	-
Mercer New Zealand Sovereign Bond Portfolio	14,616	145	13,083	237	-	426	725	-
Mercer Hedged Overseas Shares Portfolio	5,165	12	3,485	519	-	54	571	524
Mercer Overseas Low Volatility Shares Portfolio	5,490	10	3,486	562	-	41	708	683
Mercer Overseas Small Companies Portfolio	5,475	-	3,733	534	-	50	584	574
Mercer Overseas Sovereign Bond Portfolio	11,957	144	10,840	46	-	365	562	-
Mercer Select Alternative Strategies Portfolio	5,258	-	4,362	338	-	112	446	-
Mercer Trans-Tasman Shares Portfolio	17,450	46	12,059	1,700	-	212	1,506	1,927
Mercer Overseas Shares Portfolio	4,090	15	2,864	390	-	49	407	365
Mercer Overseas Shares Plus Portfolio	12,214	42	8,569	1,116	-	140	1,250	1,097
Mercer Unlisted Infrastructure Portfolio	5,260	11	4,161	413	-	79	596	-
Mercer Unlisted Property Portfolio	5,345	9	4,291	395	-	81	569	-
<b>Total</b>	<b>157,125</b>	<b>912</b>	<b>120,979</b>	<b>9,486</b>	<b>2,523</b>	<b>3,068</b>	<b>12,702</b>	<b>7,455</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**8 RELATED PARTIES (Continued)**

**Investment in related parties**

The Scheme invests in MITNZ. Mercer Investments (New Zealand) Limited ("MINZL"), a wholly owned subsidiary of Mercer, is the Trustee for the MITNZ. During the year no related entity was a member of The Scheme holds units in the following investment portfolios in the MITNZ:

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Scheme Total</b>										
Mercer Australian Inflation Linked Bonds Portfolio	1,336	1,080	3,277	354	(4,640)	(135)	27	37	-	1,336
Mercer Australian Sovereign Bonds Portfolio	780	24,184	-	1,772	(784)	(28,119)	4	2,943	-	780
Mercer Balanced Portfolio	-	-	234,893	-	-	-	3,853	-	238,746	-
Mercer Emerging Markets Debt Portfolio	1,549	1,523	4,284	435	(5,735)	(430)	(98)	21	-	1,549
Mercer Emerging Markets Portfolio	7,523	4,670	9,734	2,121	(16,589)	(1)	(668)	733	-	7,523
Mercer Global Credit Portfolio	127,435	108,252	19,857	10,364	(20,307)	(1,699)	5,246	10,518	132,231	127,435
Mercer Growth Portfolio	-	-	25,573	-	-	-	308	-	25,881	-
Mercer Hedged Overseas Shares Plus Portfolio	52,506	-	32,480	50,735	(43,845)	(5,243)	(3,966)	7,014	37,175	52,506
Mercer Cash Portfolio	340,808	292,277	53,467	39,996	(48,728)	(3,364)	11,956	11,899	357,503	340,808
Mercer Liquid Alternative Strategies Portfolio	4,412	2,699	3,184	1,284	(7,573)	-	(23)	429	-	4,412
Mercer Listed Infrastructure Portfolio	13,001	4,011	3,872	7,836	(12,781)	-	(227)	1,154	3,865	13,001
Mercer Listed Property Portfolio	7,171	2,652	4,971	3,515	(7,508)	-	(114)	1,004	4,520	7,171
Mercer High Growth Portfolio	-	-	93,774	-	-	-	966	-	94,740	-
Mercer Moderate Portfolio	-	-	32,780	-	-	-	627	-	33,407	-
Mercer Natural Resources Portfolio	7,146	8,286	2,256	2,452	(5,728)	(2,666)	(601)	(926)	3,073	7,146
Mercer New Zealand Sovereign Bond Portfolio	148,375	97,934	27,853	42,383	(39,784)	(1,180)	9,911	9,238	146,355	148,375
Mercer Hedged Overseas Shares Portfolio	18,630	57,962	11,095	2,093	(15,079)	(44,849)	(880)	3,424	13,766	18,630
Mercer Overseas Low Volatility Shares Portfolio	17,199	3,010	5,817	13,429	(13,629)	-	2,518	760	11,905	17,199
Mercer Overseas Small Companies Portfolio	6,067	2,579	6,902	2,714	(13,282)	-	313	774	-	6,067
Mercer Overseas Sovereign Bond Portfolio	152,970	124,698	18,396	10,876	(26,646)	-	7,500	17,396	152,220	152,970
Mercer Passive Listed Infrastructure Portfolio	672	5,152	-	149	(682)	(5,849)	10	1,220	-	672
Mercer Passive Listed Property Portfolio	588	5,273	-	99	(595)	(5,864)	7	1,080	-	588
Mercer Select Alternative Strategies Portfolio	-	-	13,909	-	(13,944)	-	35	-	-	-
Mercer Shares Portfolio	-	-	9,153	-	(258)	-	79	-	8,974	-
Mercer Trans-Tasman Shares Portfolio	66,460	55,982	25,509	6,455	(58,231)	(3,365)	7,775	7,388	41,513	66,460
Mercer Overseas Shares Portfolio	20,019	56,079	4,091	3,860	(10,449)	(45,564)	1,418	5,644	15,079	20,019
Mercer Overseas Shares Plus Portfolio	56,309	-	19,996	57,440	(34,321)	(12,411)	2,442	11,280	44,426	56,309
Mercer Unlisted Infrastructure Portfolio	20,865	15,947	5,785	2,993	(16,395)	-	2,723	1,925	12,978	20,865
Mercer Unlisted Property Portfolio	17,487	13,395	5,971	2,481	(13,952)	-	2,175	1,611	11,681	17,487
<b>Total</b>	<b>1,089,308</b>	<b>887,645</b>	<b>678,879</b>	<b>265,836</b>	<b>(431,465)</b>	<b>(160,739)</b>	<b>53,316</b>	<b>96,566</b>	<b>1,390,038</b>	<b>1,089,308</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Mercer Conservative</b>										
Mercer Australian Inflation Linked Bonds Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Australian Sovereign Bonds Portfolio	506	22,888	-	1,856	(691)	(26,842)	185	2,604	-	506
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Global Credit Portfolio	121,753	106,630	10,683	10,075	(5,472)	(5,027)	5,267	10,075	132,231	121,753
Mercer Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	33,001	-	11,833	33,806	(5,752)	(5,258)	(1,907)	4,453	37,175	33,001
Mercer Cash Portfolio	321,257	274,869	34,206	39,665	(23,382)	(4,468)	10,078	11,191	342,159	321,257
Mercer Liquid Alternative Strategies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Listed Infrastructure Portfolio	8,238	2,515	1,009	5,148	(5,299)	(158)	(83)	733	3,865	8,238
Mercer Listed Property Portfolio	3,304	1,652	2,319	1,374	(1,174)	(213)	71	491	4,520	3,304
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	4,580	5,572	19	1,734	(1,171)	(2,130)	(355)	(596)	3,073	4,580
Mercer New Zealand Sovereign Bond Portfolio	138,845	92,809	12,921	38,498	(14,503)	(1,119)	9,092	8,657	146,355	138,845
Mercer Hedged Overseas Shares Portfolio	12,190	39,865	5,056	1,126	(2,949)	(31,062)	(531)	2,261	13,766	12,190
Mercer Overseas Low Volatility Shares Portfolio	11,579	-	545	11,276	(1,180)	(190)	961	493	11,905	11,579
Mercer Overseas Small Companies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Overseas Sovereign Bond Portfolio	145,335	120,513	5,860	10,225	(6,062)	(1,959)	7,087	16,556	152,220	145,335
Mercer Passive Listed Infrastructure Portfolio	478	3,628	-	155	(631)	(4,434)	153	1,129	-	478
Mercer Passive Listed Property Portfolio	460	4,062	-	104	(556)	(4,716)	96	1,010	-	460
Mercer Select Alternative Strategies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	46,043	40,032	5,966	2,724	(16,733)	(1,846)	6,237	5,133	41,513	46,043
Mercer Overseas Shares Portfolio	14,998	44,946	108	2,323	(1,021)	(36,558)	994	4,287	15,079	14,998
Mercer Overseas Shares Plus Portfolio	41,533	-	8,209	44,803	(7,186)	(11,688)	1,870	8,418	44,426	41,533
Mercer Unlisted Infrastructure Portfolio	14,892	10,746	27	3,272	(3,346)	(494)	1,405	1,368	12,978	14,892
Mercer Unlisted Property Portfolio	11,669	9,238	309	1,961	(1,462)	(604)	1,165	1,074	11,681	11,669
<b>Total</b>	<b>930,661</b>	<b>779,965</b>	<b>99,070</b>	<b>210,125</b>	<b>(98,570)</b>	<b>(138,766)</b>	<b>41,785</b>	<b>79,337</b>	<b>972,946</b>	<b>930,661</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Mercer Balanced</b>										
Mercer Australian Inflation Linked Bonds Portfolio	968	1,080	3,046	430	(4,045)	(569)	31	27	-	968
Mercer Australian Sovereign Bonds Portfolio	239	1,021	-	475	(76)	(1,543)	(163)	286	-	239
Mercer Balanced Portfolio	-	-	234,893	-	-	-	3,853	-	238,746	-
Mercer Emerging Markets Debt Portfolio	1,035	1,062	3,578	366	(4,534)	(407)	(79)	14	-	1,035
Mercer Emerging Markets Portfolio	2,682	2,096	7,107	955	(9,410)	(637)	(379)	268	-	2,682
Mercer Global Credit Portfolio	5,233	1,622	9,437	3,298	(14,635)	(101)	(35)	414	-	5,233
Mercer Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	7,217	-	15,416	7,894	(21,786)	(1,650)	(847)	973	-	7,217
Mercer Cash Portfolio	9,200	6,916	18,403	3,303	(28,432)	(1,354)	829	335	-	9,200
Mercer Liquid Alternative Strategies Portfolio	2,280	1,330	2,002	854	(4,260)	(125)	(22)	221	-	2,280
Mercer Listed Infrastructure Portfolio	2,282	669	3,138	1,486	(5,339)	(75)	(81)	202	-	2,282
Mercer Listed Property Portfolio	2,007	461	3,418	1,329	(5,341)	(49)	(84)	266	-	2,007
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	1,072	1,085	2,308	489	(3,257)	(361)	(123)	(141)	-	1,072
Mercer New Zealand Sovereign Bond Portfolio	7,981	4,063	15,813	4,304	(24,386)	(877)	592	491	-	7,981
Mercer Hedged Overseas Shares Portfolio	2,331	7,980	5,306	546	(7,559)	(6,632)	(78)	437	-	2,331
Mercer Overseas Low Volatility Shares Portfolio	1,867	1,356	3,709	520	(6,204)	(102)	628	93	-	1,867
Mercer Overseas Small Companies Portfolio	2,140	1,268	5,256	717	(7,515)	(128)	119	283	-	2,140
Mercer Overseas Sovereign Bond Portfolio	7,249	3,486	13,102	3,117	(20,595)	(152)	244	798	-	7,249
Mercer Passive Listed Infrastructure Portfolio	123	700	-	319	(26)	(943)	(97)	47	-	123
Mercer Passive Listed Property Portfolio	85	586	-	204	(21)	(743)	(64)	38	-	85
Mercer Select Alternative Strategies Portfolio	-	-	8,705	-	(8,728)	-	23	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	7,553	6,671	14,999	2,092	(23,394)	(2,062)	842	852	-	7,553
Mercer Overseas Shares Portfolio	1,963	4,683	2,906	807	(5,050)	(4,069)	181	542	-	1,963
Mercer Overseas Shares Plus Portfolio	5,742	-	9,881	5,787	(15,793)	(1,180)	170	1,135	-	5,742
Mercer Unlisted Infrastructure Portfolio	2,679	2,671	4,631	818	(8,091)	(1,064)	781	254	-	2,679
Mercer Unlisted Property Portfolio	2,727	2,159	4,725	891	(8,042)	(579)	590	256	-	2,727
<b>Total</b>	<b>76,655</b>	<b>52,965</b>	<b>391,779</b>	<b>41,001</b>	<b>(236,519)</b>	<b>(25,402)</b>	<b>6,831</b>	<b>8,091</b>	<b>238,746</b>	<b>76,655</b>



**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Mercer High Growth</b>										
Mercer Australian Inflation Linked Bonds Portfolio	355	-	51	345	(400)	-	(6)	10	-	355
Mercer Australian Sovereign Bonds Portfolio	31	275	-	47	(14)	(343)	(17)	52	-	31
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	499	461	357	143	(857)	(112)	1	7	-	499
Mercer Emerging Markets Portfolio	4,751	2,574	1,797	1,850	(6,479)	(137)	(69)	464	-	4,751
Mercer Global Credit Portfolio	374	-	52	345	(403)	-	(23)	29	-	374
Mercer Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	12,050	-	4,129	11,505	(15,249)	(1,042)	(930)	1,587	-	12,050
Mercer Cash Portfolio	642	1,146	541	418	(1,691)	(961)	508	39	-	642
Mercer Liquid Alternative Strategies Portfolio	2,091	1,369	903	569	(2,996)	(55)	2	208	-	2,091
Mercer Listed Infrastructure Portfolio	2,439	826	370	1,415	(2,757)	(21)	(52)	219	-	2,439
Mercer Listed Property Portfolio	1,830	539	607	1,053	(2,314)	(9)	(123)	247	-	1,830
Mercer High Growth Portfolio	-	-	93,774	-	-	-	966	-	94,740	-
Mercer Moderate Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	1,468	1,629	378	939	(1,752)	(911)	(94)	(189)	-	1,468
Mercer New Zealand Sovereign Bond Portfolio	1,441	1,062	732	710	(2,252)	(421)	79	90	-	1,441
Mercer Hedged Overseas Shares Portfolio	4,036	10,117	1,468	1,520	(5,260)	(8,326)	(244)	725	-	4,036
Mercer Overseas Low Volatility Shares Portfolio	3,677	1,654	843	1,860	(5,351)	(11)	831	174	-	3,677
Mercer Overseas Small Companies Portfolio	3,859	1,311	776	2,102	(4,838)	(45)	203	491	-	3,859
Mercer Overseas Sovereign Bond Portfolio	293	699	51	309	(408)	(755)	64	40	-	293
Mercer Passive Listed Infrastructure Portfolio	71	823	-	379	(25)	(1,175)	(46)	44	-	71
Mercer Passive Listed Property Portfolio	43	625	-	197	(18)	(811)	(25)	32	-	43
Mercer Select Alternative Strategies Portfolio	-	-	3,551	-	(3,558)	-	7	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	12,637	9,279	3,273	3,073	(16,386)	(1,117)	476	1,402	-	12,637
Mercer Overseas Shares Portfolio	3,003	6,450	646	1,295	(3,852)	(5,556)	203	814	-	3,003
Mercer Overseas Shares Plus Portfolio	8,872	-	2,116	8,003	(11,397)	(856)	409	1,725	-	8,872
Mercer Unlisted Infrastructure Portfolio	3,235	2,530	860	909	(4,474)	(506)	379	302	-	3,235
Mercer Unlisted Property Portfolio	3,035	1,998	744	972	(4,087)	(216)	308	281	-	3,035
<b>Total</b>	<b>70,732</b>	<b>45,367</b>	<b>118,019</b>	<b>39,958</b>	<b>(96,818)</b>	<b>(23,386)</b>	<b>2,807</b>	<b>8,793</b>	<b>94,740</b>	<b>70,732</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Mercer Cash</b>										
Mercer Australian Inflation Linked Bonds Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Australian Sovereign Bonds Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Global Credit Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Cash Portfolio	9,465	9,347	7,197	900	(1,831)	(1,115)	513	333	15,344	9,465
Mercer Liquid Alternative Strategies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Listed Property Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Overseas Low Volatility Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Overseas Small Companies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Overseas Sovereign Bond Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Passive Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Passive Listed Property Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Overseas Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Overseas Shares Plus Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Unlisted Infrastructure Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Unlisted Property Portfolio	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9,465</b>	<b>9,347</b>	<b>7,197</b>	<b>900</b>	<b>(1,831)</b>	<b>(1,115)</b>	<b>513</b>	<b>333</b>	<b>15,344</b>	<b>9,465</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Mercer Moderate</b>										
Mercer Australian Inflation Linked Bonds Portfolio	3	-	217	3	(221)	-	1	-	-	3
Mercer Australian Sovereign Bonds Portfolio	1	-	-	2	(1)	(1)	-	-	-	1
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	4	-	449	4	(444)	-	(9)	-	-	4
Mercer Emerging Markets Portfolio	8	-	649	8	(611)	-	(46)	-	-	8
Mercer Global Credit Portfolio	33	-	2,503	33	(2,561)	-	25	-	-	33
Mercer Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	21	-	1,822	21	(1,770)	-	(73)	-	-	21
Mercer Cash Portfolio	196	-	7,790	195	(8,000)	-	14	1	-	196
Mercer Liquid Alternative Strategies Portfolio	11	-	596	11	(605)	-	(2)	-	-	11
Mercer Listed Infrastructure Portfolio	7	-	431	7	(429)	-	(9)	-	-	7
Mercer Listed Property Portfolio	5	-	377	5	(388)	-	6	-	-	5
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	32,780	-	-	-	627	-	33,407	-
Mercer Natural Resources Portfolio	4	-	312	4	(303)	-	(13)	-	-	4
Mercer New Zealand Sovereign Bond Portfolio	54	-	4,266	54	(4,434)	-	114	-	-	54
Mercer Hedged Overseas Shares Portfolio	7	-	604	7	(599)	-	(12)	-	-	7
Mercer Overseas Low Volatility Shares Portfolio	4	-	398	4	(430)	-	28	-	-	4
Mercer Overseas Small Companies Portfolio	6	-	490	6	(509)	-	13	-	-	6
Mercer Overseas Sovereign Bond Portfolio	45	-	3,562	44	(3,685)	-	78	1	-	45
Mercer Passive Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Passive Listed Property Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Select Alternative Strategies Portfolio	-	-	1,182	-	(1,184)	-	2	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	27	-	2,102	27	(2,203)	-	74	-	-	27
Mercer Overseas Shares Portfolio	6	-	413	6	(440)	-	21	-	-	6
Mercer Overseas Shares Plus Portfolio	20	-	1,327	19	(1,376)	-	29	1	-	20
Mercer Unlisted Infrastructure Portfolio	10	-	767	10	(843)	-	66	-	-	10
Mercer Unlisted Property Portfolio	10	-	773	10	(833)	-	50	-	-	10
<b>Total</b>	<b>482</b>	<b>-</b>	<b>63,810</b>	<b>480</b>	<b>(31,869)</b>	<b>(1)</b>	<b>984</b>	<b>3</b>	<b>33,407</b>	<b>482</b>

**MERCER KIWISAVER SCHEME**  
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**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Mercer Growth</b>										
Mercer Australian Inflation Linked Bonds Portfolio	10	-	203	10	(214)	-	1	-	-	10
Mercer Australian Sovereign Bonds Portfolio	3	-	-	3	(2)	(1)	(1)	1	-	3
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	11	-	369	11	(369)	-	(11)	-	-	11
Mercer Emerging Markets Portfolio	61	-	1,259	60	(1,217)	-	(103)	1	-	61
Mercer Global Credit Portfolio	42	-	821	42	(875)	-	12	-	-	42
Mercer Growth Portfolio	-	-	25,573	-	-	-	308	-	25,881	-
Mercer Hedged Overseas Shares Plus Portfolio	166	-	3,271	165	(3,303)	-	(134)	1	-	166
Mercer Cash Portfolio	48	-	1,077	48	(1,139)	-	14	-	-	48
Mercer Liquid Alternative Strategies Portfolio	30	-	189	30	(218)	-	(1)	-	-	30
Mercer Listed Infrastructure Portfolio	35	-	509	35	(542)	-	(2)	-	-	35
Mercer Listed Property Portfolio	25	-	551	25	(592)	-	16	-	-	25
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	22	-	433	22	(439)	-	(16)	-	-	22
Mercer New Zealand Sovereign Bond Portfolio	54	-	1,228	54	(1,316)	-	34	-	-	54
Mercer Hedged Overseas Shares Portfolio	49	-	1,058	48	(1,099)	-	(8)	1	-	49
Mercer Overseas Low Volatility Shares Portfolio	52	-	1,097	52	(1,196)	-	47	-	-	52
Mercer Overseas Small Companies Portfolio	45	-	944	45	(980)	-	(9)	-	-	45
Mercer Overseas Sovereign Bond Portfolio	48	-	965	47	(1,040)	-	27	1	-	48
Mercer Passive Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Passive Listed Property Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Select Alternative Strategies Portfolio	-	-	875	-	(878)	-	3	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	130	-	2,512	129	(2,727)	-	85	1	-	130
Mercer Overseas Shares Portfolio	37	-	642	36	(693)	-	14	1	-	37
Mercer Overseas Shares Plus Portfolio	109	-	2,124	108	(2,220)	-	(13)	1	-	109
Mercer Unlisted Infrastructure Portfolio	49	-	929	48	(1,070)	-	92	1	-	49
Mercer Unlisted Property Portfolio	46	-	889	46	(997)	-	62	-	-	46
<b>Total</b>	<b>1,072</b>	<b>-</b>	<b>47,518</b>	<b>1,064</b>	<b>(23,126)</b>	<b>(1)</b>	<b>417</b>	<b>9</b>	<b>25,881</b>	<b>1,072</b>

**MERCER KIWISAVER SCHEME**  
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**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
<b>Mercer Shares</b>										
Mercer Australian Inflation Linked Bonds Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Australian Sovereign Bonds Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Balanced Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Debt Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Emerging Markets Portfolio	21	-	851	21	(801)	-	(71)	-	-	21
Mercer Global Credit Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	51	-	2,138	51	(2,114)	-	(75)	-	-	51
Mercer Cash Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Liquid Alternative Strategies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Listed Property Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer High Growth Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Natural Resources Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Hedged Overseas Shares Portfolio	17	-	707	17	(717)	-	(7)	-	-	17
Mercer Overseas Low Volatility Shares Portfolio	20	-	785	20	(828)	-	23	-	-	20
Mercer Overseas Small Companies Portfolio	17	-	682	17	(686)	-	(13)	-	-	17
Mercer Overseas Sovereign Bond Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Passive Listed Infrastructure Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Passive Listed Property Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Shares Portfolio	-	-	9,153	-	(258)	-	79	-	8,974	-
Mercer Trans-Tasman Shares Portfolio	70	-	2,283	70	(2,414)	-	61	-	-	70
Mercer Overseas Shares Portfolio	12	-	433	11	(450)	-	5	-	-	12
Mercer Overseas Shares Plus Portfolio	33	-	1,323	33	(1,333)	-	(23)	-	-	33
Mercer Unlisted Infrastructure Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Unlisted Property Portfolio	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>241</b>	<b>-</b>	<b>18,355</b>	<b>240</b>	<b>(9,601)</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>8,974</b>	<b>241</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2016**

**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

During the year the Scheme transacted the following purchases and sales between portfolios in the MITNZ.

Total	Purchases		Sales	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Mercer Australian Inflation Linked Bonds Portfolio	240	434	(240)	(434)
Mercer Australian Sovereign Bonds Portfolio	-	611	-	(611)
Mercer Balanced Portfolio	-	-	-	-
Mercer Emerging Markets Debt Portfolio	469	89	(469)	(89)
Mercer Emerging Markets Portfolio	1,929	773	(1,929)	(773)
Mercer Global Credit Portfolio	3,639	3,428	(3,639)	(3,428)
Mercer Growth Portfolio	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	6,129	2,705	(6,129)	(2,705)
Mercer Cash Portfolio	15,747	4,534	(15,747)	(4,534)
Mercer Liquid Alternative Strategies Portfolio	506	179	(506)	(179)
Mercer Listed Infrastructure Portfolio	1,585	254	(1,585)	(254)
Mercer Listed Property Portfolio	2,301	270	(2,301)	(270)
Mercer High Growth Portfolio	-	-	-	-
Mercer Moderate Portfolio	-	-	-	-
Mercer Natural Resources Portfolio	1,194	735	(1,194)	(735)
Mercer New Zealand Sovereign Bond Portfolio	7,107	1,237	(7,107)	(1,237)
Mercer Hedged Overseas Shares Portfolio	3,104	1,173	(3,104)	(1,173)
Mercer Overseas Low Volatility Shares Portfolio	1,560	303	(1,560)	(303)
Mercer Overseas Small Companies Portfolio	1,246	173	(1,246)	(173)
Mercer Overseas Sovereign Bond Portfolio	5,144	2,866	(5,144)	(2,866)
Mercer Passive Listed Infrastructure Portfolio	-	703	-	(703)
Mercer Passive Listed Property Portfolio	-	405	-	(405)
Mercer Select Alternative Strategies Portfolio	404	-	(404)	-
Mercer Shares Portfolio	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	5,626	1,661	(5,626)	(1,661)
Mercer Overseas Shares Portfolio	1,057	619	(1,057)	(619)
Mercer Overseas Shares Plus Portfolio	4,984	1,314	(4,984)	(1,314)
Mercer Unlisted Infrastructure Portfolio	1,429	2,064	(1,429)	(2,064)
Mercer Unlisted Property Portfolio	1,469	1,399	(1,469)	(1,399)
<b>Total</b>	<b>66,869</b>	<b>27,929</b>	<b>(66,869)</b>	<b>(27,929)</b>

During the year there were non-cash transactions comprising switches between MITNZ portfolios to the value of \$20,140,520 at a Scheme level.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**8 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

On 3 November 2015, the Scheme's investment in various portfolios in the MITNZ was transferred to the Mercer Diversified Trust ("MDT") which is also in the MITNZ in consideration for units in the MDT. The details of the transaction are set out below:

<b>Purchases</b>	<b>TOTAL 2016 \$000s</b>	<b>Mercer Conservative 2016 \$000s</b>	<b>Mercer Balanced 2016 \$000s</b>	<b>Mercer High Growth 2016 \$000s</b>	<b>Mercer Cash 2016 \$000s</b>	<b>Mercer Moderate 2016 \$000s</b>	<b>Mercer Growth 2016 \$000s</b>	<b>Mercer Shares 2016 \$000s</b>
<b>Mercer Diversified Trust</b>								
Mercer Balanced Portfolio	226,411	-	226,411	-	-	-	-	-
Mercer Growth Portfolio	22,540	-	-	-	-	-	22,540	-
Mercer High Growth Portfolio	89,833	-	-	89,833	-	-	-	-
Mercer Moderate Portfolio	30,236	-	-	-	-	30,236	-	-
Mercer Shares Portfolio	8,834	-	-	-	-	-	-	8,834
<b>Total</b>	<b>377,854</b>	<b>-</b>	<b>226,411</b>	<b>89,833</b>	<b>-</b>	<b>30,236</b>	<b>22,540</b>	<b>8,834</b>

<b>Sales</b>	<b>TOTAL 2016 \$000s</b>	<b>Mercer Conservative 2016 \$000s</b>	<b>Mercer Balanced 2016 \$000s</b>	<b>Mercer High Growth 2016 \$000s</b>	<b>Mercer Cash 2016 \$000s</b>	<b>Mercer Moderate 2016 \$000s</b>	<b>Mercer Growth 2016 \$000s</b>	<b>Mercer Shares 2016 \$000s</b>
<b>Mercer Investment Trusts New Zealand</b>								
Mercer Australian Inflation Linked Bonds Portfolio	(4,640)	-	(3,805)	(401)	-	(221)	(213)	-
Mercer Emerging Markets Debt Portfolio	(5,734)	-	(4,076)	(857)	-	(432)	(369)	-
Mercer Emerging Markets Portfolio	(16,190)	-	(7,759)	(5,881)	-	(589)	(1,188)	(773)
Mercer Global Credit Portfolio	(18,398)	-	(14,623)	(404)	-	(2,507)	(864)	-
Mercer Hedged Overseas Shares Plus Portfolio	(43,845)	-	(21,629)	(15,249)	-	(1,716)	(3,239)	(2,012)
Mercer Cash Portfolio	(38,794)	-	(28,371)	(1,504)	-	(7,850)	(1,069)	-
Mercer Listed Infrastructure Portfolio	(7,828)	-	(4,988)	(2,003)	-	(316)	(521)	-
Mercer Listed Property Portfolio	(7,508)	-	(4,585)	(2,019)	-	(316)	(588)	-
Mercer Natural Resources Portfolio	(5,726)	-	(3,251)	(1,745)	-	(294)	(436)	-
Mercer New Zealand Sovereign Bond Portfolio	(31,855)	-	(24,162)	(2,239)	-	(4,156)	(1,298)	-
Mercer Hedged Overseas Shares Portfolio	(15,080)	-	(7,528)	(5,203)	-	(582)	(1,091)	(676)
Mercer Overseas Low Volatility Shares Portfolio	(13,628)	-	(6,178)	(5,087)	-	(418)	(1,182)	(763)
Mercer Overseas Small Companies Portfolio	(13,281)	-	(6,567)	(4,641)	-	(459)	(974)	(640)
Mercer Overseas Sovereign Bond Portfolio	(25,472)	-	(20,430)	(408)	-	(3,607)	(1,027)	-
Mercer Select Alternate Strategies	(13,944)	-	(8,469)	(3,423)	-	(1,184)	(868)	-
Mercer Trans-Tasman Shares Portfolio	(46,593)	-	(23,335)	(16,120)	-	(2,149)	(2,701)	(2,288)
Mercer Overseas Shares Portfolio	(10,170)	-	(5,030)	(3,597)	-	(430)	(689)	(424)
Mercer Overseas Shares Plus Portfolio	(30,761)	-	(15,505)	(10,506)	-	(1,334)	(2,158)	(1,258)
Mercer Unlisted Infrastructure Portfolio	(14,455)	-	(8,085)	(4,459)	-	(843)	(1,068)	-
Mercer Unlisted Property Portfolio	(13,952)	-	(8,035)	(4,087)	-	(833)	(997)	-
<b>Total</b>	<b>(377,854)</b>	<b>-</b>	<b>(226,411)</b>	<b>(89,833)</b>	<b>-</b>	<b>(30,236)</b>	<b>(22,540)</b>	<b>(8,834)</b>

**MERCER KIWISAVER SCHEME**  
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**9 PAYMENT OF BENEFITS**

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Retirement	18,402	12,494	13,041	10,302	3,273	1,119	687	363
Serious ill health	1,071	736	855	647	133	65	61	18
Death or disability	1,610	1,254	1	7	-	-	-	-
Significant financial hardship	1,153	1,060	956	1,017	160	17	22	24
First home assistance	15,262	7,938	11,789	7,017	1,946	373	940	475
Permanent emigration to Australia	156	37	43	37	-	-	113	-
Permanent emigration excluding Australia	973	500	717	418	179	40	77	29
Other	867	888	723	874	30	12	113	2
<b>Total</b>	<b>39,494</b>	<b>24,907</b>	<b>28,125</b>	<b>20,319</b>	<b>5,721</b>	<b>1,626</b>	<b>2,013</b>	<b>911</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Retirement	909	710	120	-	304	-	68	-
Serious ill health	21	6	-	-	-	-	1	-
Death or disability	1,609	1,247	-	-	-	-	-	-
Significant financial hardship	3	2	-	-	11	-	1	-
First home assistance	199	73	346	-	30	-	12	-
Permanent emigration to Australia	-	-	-	-	-	-	-	-
Permanent emigration excluding Australia	-	13	-	-	-	-	-	-
Other	-	-	1	-	-	-	-	-
<b>Total</b>	<b>2,741</b>	<b>2,051</b>	<b>467</b>	<b>-</b>	<b>345</b>	<b>-</b>	<b>82</b>	<b>-</b>

**10 TRANSFERS IN FROM OTHER SCHEMES**

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Transfers from other KiwiSaver Schemes	161,294	6,283	2,338	3,869	122,519	1,092	9,806	1,221
Transfers from other superannuation schemes	2,343	940	1,107	541	627	175	117	198
Transfers from Trans-Tasman portability	2,134	1,267	1,325	897	599	180	121	161
<b>Total</b>	<b>165,771</b>	<b>8,490</b>	<b>4,770</b>	<b>5,307</b>	<b>123,745</b>	<b>1,447</b>	<b>10,044</b>	<b>1,580</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Transfers from other KiwiSaver Schemes	2,601	4	3,199	64	13,185	5	7,646	28
Transfers from other superannuation schemes	86	26	272	-	124	-	10	-
Transfers from Trans-Tasman portability	4	29	71	-	2	-	12	-
<b>Total</b>	<b>2,691</b>	<b>59</b>	<b>3,542</b>	<b>64</b>	<b>13,311</b>	<b>5</b>	<b>7,668</b>	<b>28</b>



**MERCER KIWISAVER SCHEME**  
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**11 RECONCILIATION OF NET PROFIT BEFORE MEMBERSHIP ACTIVITIES TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Net profit/(loss) before membership activities	50,298	93,988	39,251	77,134	6,580	7,906	2,669	8,629
<i>Adjustments for:</i>								
Net gains on financial assets held at fair value through profit or loss	(53,316)	(96,566)	(41,785)	(79,337)	(6,831)	(8,091)	(2,807)	(8,793)
Proceeds from sale of investments	33,470	160,742	98,570	138,766	236,519	25,402	96,818	23,386
Payments for purchase of investments	(122,274)	(265,839)	(98,151)	(210,125)	(269,811)	(41,001)	(108,426)	(39,958)
<i>Changes in assets and liabilities:</i>								
Increase/(decrease) in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	135	144	156	103	(8)	18	(24)	20
<b>Net Cash flows (used in)/from Operating Activities</b>	<b>(91,687)</b>	<b>(107,531)</b>	<b>(1,959)</b>	<b>(73,459)</b>	<b>(33,551)</b>	<b>(15,766)</b>	<b>(11,770)</b>	<b>(16,716)</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Net profit/(loss) before membership activities	485	307	952	3	395	9	(34)	-
<i>Adjustments for:</i>								
Net gains on financial assets held at fair value through profit or loss	(513)	(333)	(984)	(3)	(417)	(9)	21	-
Proceeds from sale of investments	1,831	1,115	31,869	1	23,126	1	9,601	-
Payments for purchase of investments	(4,674)	(900)	(60,702)	(480)	(34,572)	(1,064)	(10,802)	(240)
<i>Changes in assets and liabilities:</i>								
Increase/(decrease) in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	2	3	5	-	3	-	1	-
<b>Net Cash flows (used in)/from Operating Activities</b>	<b>(2,869)</b>	<b>192</b>	<b>(28,860)</b>	<b>(479)</b>	<b>(11,465)</b>	<b>(1,063)</b>	<b>(1,213)</b>	<b>(240)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**12 AUDITORS' REMUNERATION**

During the reporting period, the following fees were paid or payable to the auditor of the Scheme. Audit fees for the Scheme may be recovered from the Manager for expenses incurred in acting as Manager (Refer note 8). The auditors of the Scheme are PricewaterhouseCoopers (PwC).

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Audit fees for the audit of financial statements and registry testing	135	137	95	117	23	10	9	9
Tax Services - review of tax returns	5	2	3	2	1	-	1	-
<b>Total</b>	<b>140</b>	<b>139</b>	<b>98</b>	<b>119</b>	<b>24</b>	<b>10</b>	<b>10</b>	<b>9</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Audit fees for the audit of financial statements and registry testing	1	1	3	-	3	-	1	-
Tax Services - review of tax returns	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>1</b>	<b>-</b>

**13 FINANCIAL RISK MANAGEMENT**

The Scheme's investments are comprised of units in unlisted unit trusts which, in turn, invest in equities, interest bearing securities, units in unit trusts and derivative financial instruments. The Manager has determined that these types of investments are appropriate for the Scheme and are in accordance with its investment objectives. The objectives of the Scheme are to achieve a return (over the medium to long term) which is competitive with comparable trusts that have similar risk characteristics; and to outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

The Scheme's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance.

The Manager has considered the above investment risks in constructing the asset portfolios of the Scheme and aims to manage those risks primarily through diversification, including using some or all of the following (as applicable):

- investing across different asset classes (to reduce market risk and liquidity risk);
- investing predominantly in unit trusts which, in turn, invest with a number of different investment managers;
- investing across different countries (to reduce market risk); and
- investing in a number of individual securities within each asset class.

Professional investment managers are appointed on a research-based process of selection to manage the underlying assets of the MITNZ via a set of investment guidelines. Risk management activities are performed within the underlying investment portfolios, not at the Scheme level. The use of derivatives is restricted to improving the efficiency of investments and in managing risk (for example, to hedge part of a foreign currency exposure). The investment managers of underlying investment portfolios may use derivatives and other instruments, including futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks and exposures from forecast transactions.

The Mercer KiwiSaver Scheme invests in MDT that in turn invests in other MITNZ investment portfolios and Mercer Cash Trust ("MCT"). The investment in the MITNZ investment portfolios are directly exposed to market risk, credit risk and liquidity risk.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
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**13 FINANCIAL RISK MANAGEMENT (Continued)**

**a) Market Risk**

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

The Scheme's overall market positions are monitored by the Scheme's manager who uses research and analysis to form a view on these matters and then rebalances the investment mix of the investment portfolios to reduce the impact of market risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is minimised by the Manager through research and analysis of the investment mix within investment portfolios and ensuring that all investment activities are undertaken in accordance with established investment strategies.

*Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Scheme does not hold financial instruments denominated in currencies other than the New Zealand dollar, the functional currency. It is therefore not exposed to currency risk. Currency risk disclosure has been considered on the basis of the Scheme's direct investments and not on a look through basis for investments held indirectly through unit trusts. Consequently the Scheme may be exposed indirectly to currency risk where the Scheme has significant investments in unit trusts which have exposure to foreign exchange rates.

Exposure to currency risk is managed through hedging using derivative investments, which may include forward exchange contracts, within the underlying MITNZ investment portfolios.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Scheme's financial assets are non-interest bearing. As a result, the Scheme is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. Any sensitivity is immaterial.

Interest rate risk disclosures have been considered on the basis of the Scheme's direct investments and not on a look through basis for investments held indirectly through unit trusts. Consequently the Scheme may be exposed indirectly to interest rate risk where the Scheme has significant investments in unit trusts which have exposure to interest rate markets.

Exposure to interest rate risk is managed through the use of derivatives, diversification in holdings and the duration of fixed interest investments within the underlying MITNZ investment

**MERCER KIWISAVER SCHEME**  
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**13 FINANCIAL RISK MANAGEMENT (Continued)**

**a) Market Risk (Continued)**

*Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than those arising from interest rate risk or currency risk). The Scheme's investments are susceptible to market price risk arising from uncertainties about future values of the investments which will directly affect net investment income.

As the majority of the Scheme's financial instruments are carried at fair value, all changes in market conditions will directly affect investment returns, recognised in the Statements of Changes in Net Assets. The Scheme's price risk is managed through diversification of the investments in unit trusts within the portfolio. In addition, price risk may be hedged using derivative financial instruments such as options or futures within the underlying MITNZ investment portfolios.

As at 31 March, the Scheme's exposure to market price risk through unlisted unit trusts was as follows:

	TOTAL		TOTAL	
	2016 \$000s	2016 %	2015 \$000s	2015 %
Mercer Conservative	972,946	70%	930,661	85%
Mercer Balanced	238,746	17%	76,655	7%
Mercer High Growth	94,740	7%	70,732	7%
Mercer Cash	15,344	1%	9,465	1%
Mercer Moderate	33,407	2%	482	0%
Mercer Growth	25,881	2%	1,072	0%
Mercer Shares	8,974	1%	241	0%
<b>Total Unlisted Unit Trusts</b>	<b>1,390,038</b>	<b>100%</b>	<b>1,089,308</b>	<b>100%</b>

The table below shows the sensitivity analysis in market price of the financial assets held at fair value through profit or loss, if all other variables were held constant and investment markets fluctuated by the percentages disclosed below.

	2016				2015			
	Net profit before membership activities		Net Assets Attributable to Members		Net profit before membership activities		Net Assets Attributable to Members	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Mercer Conservative	97,295	(97,295)	97,295	(97,295)	93,066	(93,066)	93,066	(93,066)
Mercer Balanced	23,875	(23,875)	23,875	(23,875)	7,666	(7,666)	7,666	(7,666)
Mercer High Growth	9,474	(9,474)	9,474	(9,474)	7,073	(7,073)	7,073	(7,073)
Mercer Cash	1,534	(1,534)	1,534	(1,534)	947	(947)	947	(947)
Mercer Moderate	3,341	(3,341)	3,341	(3,341)	48	(48)	48	(48)
Mercer Growth	2,588	(2,588)	2,588	(2,588)	107	(107)	107	(107)
Mercer Shares	897	(897)	897	(897)	24	(24)	24	(24)
<b>Total Unlisted Unit Trusts</b>	<b>139,004</b>	<b>(139,004)</b>	<b>139,004</b>	<b>(139,004)</b>	<b>108,931</b>	<b>(108,931)</b>	<b>108,931</b>	<b>(108,931)</b>

**MERCER KIWISAVER SCHEME**  
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**For the Year Ended 31 March 2016**

**13 FINANCIAL RISK MANAGEMENT (Continued)**

**b) Credit Risk**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss. The Scheme is exposed to counterparty credit risk on cash and cash equivalents. None of these assets are impaired nor past due (but not impaired) (2015: Same).

With respect to credit risk arising from the cash and cash equivalents of the Scheme, the Scheme's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the carrying amount disclosed in the Statements of Net Assets. This represents the current maximum risk exposure at the reporting date.

The managers of the investment funds manage credit risk by establishing controls which are either specified in the guidelines set by the Manager or outlined in the product disclosure statement/information memorandum of underlying unit trust investments that it makes. Credit risk limitations include diversification of investments over a wide range of asset classes, companies, industries and maturities within the underlying investment portfolios. The Scheme's cash balances are held with Westpac New Zealand Limited (AA- rating, as measured by Standard & Poor's) (2015: Same).

**c) Liquidity Risk**

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme is exposed to daily cash redemptions of redeemable units.

The Scheme's liquidity risk is managed by investing in unlisted investment trusts which, in turn, invest in different asset classes and predominantly liquid assets.

Members are able to transfer their balances to another KiwiSaver Scheme at any time. As such, the liability for promised retirement benefits is deemed to be repayable on demand. All other financial liabilities of the Scheme are due within one month.

**d) Capital Risk Management**

The Scheme manages its Net assets attributable to Members as capital, notwithstanding Net assets attributable to Members is classified as a liability. The amounts of Members' funds can change significantly on a daily basis as the Funds are subject to daily applications and redemptions in accordance with the conditions of the KiwiSaver Act 2006. The Scheme's objective when managing capital is to safeguard the Scheme's ability to continue as a going concern in order to provide returns for Members and to maintain a strong capital base to support the development of the investment activities of the Scheme. In order to maintain or adjust the capital structure, the Scheme's policy is to perform the following:

- a) monitor the level of daily applications and redemptions relative to the assets it is able to liquidate within seven days; and
- b) redeem and issue new units in accordance with the constitutional documents of the Scheme, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions in accordance with the KiwiSaver Act 2006. The Scheme does not have any externally imposed capital requirements.



**MERCER KIWISAVER SCHEME**  
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**15 INVOLVEMENT WITH UNCONSOLIDATED SUBSIDIARIES**

Subsidiaries are investees controlled by the Scheme. The Scheme 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The MITNZ Trust Deed requires a 75% majority vote to pass an extraordinary resolution for key decisions. Therefore, the Manager has determined that control exists when it holds 75% of the issued units in the investee.

At 31 March 2016, the Scheme did not have any controlling interests in subsidiaries (2015: Nil).

**16 PORTFOLIO INVESTMENT ENTITY TAXATION REFUND - PRIOR YEARS**

The tax position for 2016 also reflects an amount refunded from the Inland Revenue Department in relation to the 2007 to 2013 tax years. The refund is a result of the Scheme lodging amended assessments for those periods in relation to the application of Section EX 59 of the New Zealand Income Tax Act 2007 and the tax treatment of management fee rebates in regards to investments taxed under the Fair Dividend Rate method. The amended assessment was accepted by Inland Revenue in December 2015 agreeing that these amounts were not to be treated as taxable income as had been the case. This resulted in Inland Revenue paying a refunded amount to the Scheme to be reflected in the current year.

As there was no requirement to open past periods to reflect these amounts, they have been reflected in the 2016 financial statements in the current year, however disclosed that they relate to prior years. The refunded amount received from the Inland Revenue Department for the Scheme amounted to \$645,812 net of expenses. A refund was also received for MSTKS. An amount of \$149,294 was allocated to the Scheme in relation to members that transferred from MSTKS to the Schemes. The amounts recognised in the financial statements are as follows:

	<b>TOTAL 2016 \$000s</b>	<b>Mercer Conservative 2016 \$000s</b>	<b>Mercer Balanced 2016 \$000s</b>	<b>Mercer High Growth 2016 \$000s</b>	<b>Mercer Cash 2016 \$000s</b>	<b>Mercer Moderate 2016 \$000s</b>	<b>Mercer Growth 2016 \$000s</b>	<b>Mercer Shares 2016 \$000s</b>
Portfolio investment entity taxation refund - prior years	795	509	209	79	(2)	-	-	-
Portfolio investment entity taxation expense - current year	(7,839)	(5,733)	(1,561)	16	(91)	(226)	(186)	(58)
<b>Total</b>	<b>(7,044)</b>	<b>(5,224)</b>	<b>(1,352)</b>	<b>95</b>	<b>(93)</b>	<b>(226)</b>	<b>(186)</b>	<b>(58)</b>

**17 CONTINGENT LIABILITY, ASSET AND COMMITMENTS**

There were no material contingent liabilities or commitments as at 31 March 2016.

**18 EVENTS AFTER BALANCE DATE**

There have been no material events after balance date that require adjustment to or disclosure in the financial statements.