

MERCER KIWISAVER SCHEME
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

MERCER KIWISAVER SCHEME
Financial Statements
For the Year Ended 31 March 2017

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MERCER KIWISAVER SCHEME
Statements of Net Assets
As at 31 March 2017

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
ASSETS									
Cash and cash equivalents		25,567	18,678	16,619	13,666	5,313	3,154	1,981	945
Financial assets held at fair value through profit or loss	5	1,559,464	1,390,038	1,034,499	972,946	285,646	238,746	116,327	94,740
Portfolio investment entity tax receivable		-	17	-	-	-	-	-	17
Total Assets		1,585,031	1,408,733	1,051,118	986,612	290,959	241,900	118,308	95,702
LIABILITIES									
Investment management fees payable	6	360	455	353	445	3	2	1	1
Supervisor fees payable	6	55	55	37	39	10	9	4	4
Portfolio investment entity tax payable		7,908	7,577	4,058	5,539	2,054	1,498	1,072	-
Benefits payable		2,239	1,261	1,470	931	481	184	93	68
Unallocated contributions		427	596	289	463	92	108	20	14
Administration fees payable	6	243	497	201	416	23	47	9	18
Manager fees (expense recoveries) payable	6	36	129	24	91	7	22	3	9
Total Liabilities (excluding Net assets attributable to members)		11,268	10,570	6,432	7,924	2,670	1,870	1,202	114
NET ASSETS ATTRIBUTABLE TO MEMBERS	4	1,573,763	1,398,163	1,044,686	978,688	288,289	240,030	117,106	95,588
Represented by:									
Net assets available for benefits	4	1,573,763	1,398,163	1,044,686	978,688	288,289	240,030	117,106	95,588

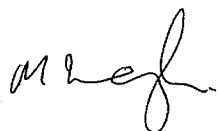
The accompanying notes form part of and should be read in conjunction with these Financial Statements.

MERCER KIWISAVER SCHEME
Statements of Net Assets
As at 31 March 2017

Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
ASSETS								
Cash and cash equivalents	149	116	805	312	558	321	142	164
Financial assets held at fair value through profit or loss	15,567	15,344	53,847	33,407	41,914	25,881	11,664	8,974
Portfolio investment entity tax receivable	-	-	-	-	-	-	-	-
Total Assets	15,716	15,460	54,652	33,719	42,472	26,202	11,806	9,138
LIABILITIES								
Investment management fees payable	-	6	1	1	1	-	1	-
Supervisor fees payable	1	1	2	1	1	1	-	-
Portfolio investment entity tax payable	71	83	243	218	307	181	103	58
Benefits payable	150	2	37	69	7	7	1	-
Unallocated contributions	3	1	9	7	12	3	2	-
Administration fees payable	2	4	4	7	3	4	1	1
Manager fees (expense recoveries) payable	-	1	1	3	1	2	-	1
Total Liabilities (excluding Net assets attributable to members)	227	98	297	306	332	198	108	60
NET ASSETS ATTRIBUTABLE TO MEMBERS	15,489	15,362	54,355	33,413	42,140	26,004	11,698	9,078
Represented by:								
Net assets available for benefits	15,489	15,362	54,355	33,413	42,140	26,004	11,698	9,078

These Financial Statements were authorised for issue by the Manager on 24 July 2017.
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 2017

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
INCOME									
Interest income		323	503	220	354	58	87	23	34
Net gains/(losses) on financial assets held at fair value through profit or loss	6	90,106	53,316	48,278	41,785	21,305	6,831	12,670	2,807
Total Income		90,429	53,819	48,498	42,139	21,363	6,918	12,693	2,841
EXPENSES									
Investment management fees	6	2,920	3,074	2,855	2,564	20	268	8	142
Supervisor fees	6	328	317	222	232	59	48	23	21
Manager fees (expense recoveries)	6	36	129	24	91	7	22	3	9
Other expenses		2	1	1	1	1	-	-	-
Total Expenses		3,286	3,521	3,102	2,888	87	338	34	172
NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES		87,143	50,298	45,396	39,251	21,276	6,580	12,659	2,669
MEMBERSHIP ACTIVITIES:									
Contributions / Transfers In									
Member contributions		137,791	131,185	95,216	95,088	22,763	20,026	9,423	9,008
Employer contributions		76,546	73,852	55,711	56,433	11,564	10,059	4,395	4,141
Government contributions	14	10	3,610	9	3,564	-	18	1	13
Tax credits		26,592	27,108	20,732	21,312	3,291	3,467	1,285	1,277
Transfers in from other schemes	8	12,159	165,771	4,187	4,770	4,305	123,745	721	10,044
Transfers (from)/to funds		-	-	(35,722)	(57,799)	9,710	15,881	1,776	2,834
Total Contributions/Transfers In		253,098	401,526	140,133	123,368	51,633	173,196	17,601	27,317
Benefits/Transfers Out/Membership Expenses									
Benefits	7	(49,153)	(39,494)	(34,709)	(28,125)	(6,924)	(5,721)	(2,271)	(2,013)
Transfers out to other schemes		(104,061)	(88,018)	(77,953)	(73,029)	(15,276)	(9,113)	(5,241)	(3,265)
Administration fees	6	(2,939)	(2,965)	(2,442)	(2,531)	(278)	(247)	(106)	(104)
Portfolio investment entity taxation expense		(8,488)	(7,044)	(4,427)	(5,224)	(2,172)	(1,352)	(1,124)	95
Total Benefits/Transfers Out/Membership Expenses		(164,641)	(137,521)	(119,531)	(108,909)	(24,650)	(16,433)	(8,742)	(5,287)
Total transactions with members in their capacity as members		88,457	264,005	20,602	14,459	26,983	156,763	8,859	22,030
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR		1,398,163	1,083,860	978,688	924,978	240,030	76,687	95,588	70,889
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR		1,573,763	1,398,163	1,044,686	978,688	288,289	240,030	117,106	95,588

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 2017

	Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
		2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
INCOME									
Interest income		3	5	10	12	8	9	1	2
Net gains/(losses) on financial assets held at fair value through profit or loss	6	375	513	2,498	984	3,608	417	1,372	(21)
Total Income		378	518	2,508	996	3,616	426	1,373	(19)
EXPENSES									
Investment management fees	6	29	29	3	35	4	24	1	12
Supervisor fees	6	3	3	11	6	8	5	2	2
Manager fees (expense recoveries)	6	-	1	1	3	1	2	-	1
Other expenses		-	-	-	-	-	-	-	-
Total Expenses		32	33	15	44	13	31	3	15
NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES									
		346	485	2,493	952	3,603	395	1,370	(34)
MEMBERSHIP ACTIVITIES:									
Contributions / Transfers In									
Member contributions		1,046	1,029	4,814	3,370	3,662	2,005	867	659
Employer contributions		544	466	2,097	1,394	1,753	1,004	482	355
Government contributions	14	-	-	-	3	-	7	-	5
Tax credits		180	183	575	501	420	274	109	94
Transfers in from other schemes	8	12	2,691	2,431	3,542	331	13,311	172	7,668
Transfers (from)/to funds		2,588	4,385	12,409	24,843	8,649	9,287	590	569
Total Contributions/Transfers In		4,370	8,754	22,326	33,653	14,815	25,888	2,220	9,350
Benefits/Transfers Out/Membership Expenses									
Benefits	7	(3,798)	(2,741)	(965)	(467)	(277)	(345)	(209)	(82)
Transfers out to other schemes		(695)	(497)	(2,603)	(973)	(1,651)	(805)	(642)	(336)
Administration fees	6	(20)	(21)	(51)	(36)	(33)	(20)	(9)	(6)
Portfolio investment entity taxation expense		(76)	(93)	(258)	(226)	(321)	(186)	(110)	(58)
Total Benefits/Transfers Out/Membership Expenses		(4,589)	(3,352)	(3,877)	(1,702)	(2,282)	(1,356)	(970)	(482)
Total transactions with members in their capacity as members		(219)	5,402	18,449	31,951	12,533	24,532	1,250	8,868
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR		15,362	9,475	33,413	510	26,004	1,077	9,078	244
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR		15,489	15,362	54,355	33,413	42,140	26,004	11,698	9,078

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 2017

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
CASH FLOWS FROM OPERATING ACTIVITIES									
Proceeds from sale of financial assets		24,665	33,470	24,099	98,570	-	236,519	-	96,818
Interest income		323	503	220	354	58	87	23	34
Payments for purchase of financial assets		(103,985)	(122,274)	(37,374)	(98,151)	(25,595)	(269,811)	(8,917)	(108,426)
Fees and other expenses paid		(3,474)	(3,386)	(3,263)	(2,732)	(100)	(346)	(40)	(196)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	9	(82,471)	(91,687)	(16,318)	(1,959)	(25,637)	(33,551)	(8,934)	(11,770)
CASH FLOWS FROM FINANCING ACTIVITIES									
Member contributions		137,791	131,185	95,216	95,088	22,763	20,026	9,423	9,008
Employer contributions		76,546	73,852	55,711	56,433	11,564	10,059	4,395	4,141
Government contributions		10	3,610	9	3,564	-	18	1	13
Tax credits		26,592	27,108	20,732	21,312	3,291	3,467	1,285	1,277
Transfers in from other schemes		12,159	7,161	4,187	3,851	4,305	1,777	721	451
Transfers (from)/to portfolios		-	-	(35,722)	(57,799)	9,710	15,881	1,776	2,834
Portfolio investment entity taxation		(8,140)	(12,450)	(5,908)	(11,437)	(1,616)	(518)	(35)	(398)
Unallocated contributions		(169)	(255)	(174)	(279)	(16)	59	6	(39)
Benefits paid		(48,175)	(40,085)	(34,170)	(28,822)	(6,627)	(5,587)	(2,246)	(2,119)
Transfers out to other schemes		(104,061)	(88,018)	(77,953)	(73,029)	(15,276)	(9,113)	(5,241)	(3,265)
Administration fees		(3,193)	(2,706)	(2,657)	(2,336)	(302)	(208)	(115)	(93)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		89,360	99,402	19,271	6,546	27,796	35,861	9,970	11,810
Net increase/(decrease) in cash and cash equivalents		6,889	7,715	2,953	4,587	2,159	2,310	1,036	40
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		18,678	10,963	13,666	9,079	3,154	844	945	905
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		25,567	18,678	16,619	13,666	5,313	3,154	1,981	945

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 2017

	Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
		2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
CASH FLOWS FROM OPERATING ACTIVITIES									
Proceeds from sale of financial assets		1,629	1,831	1,270	31,869	156	23,126	593	9,601
Interest income		3	5	10	12	8	9	1	2
Payments for purchase of financial assets		(1,477)	(4,674)	(19,212)	(60,702)	(12,581)	(34,572)	(1,911)	(10,802)
Fees and other expenses paid		(39)	(31)	(16)	(39)	(13)	(28)	(3)	(14)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	9	116	(2,869)	(17,948)	(28,860)	(12,430)	(11,465)	(1,320)	(1,213)
CASH FLOWS FROM FINANCING ACTIVITIES									
Member contributions		1,046	1,029	4,814	3,370	3,662	2,005	867	659
Employer contributions		544	466	2,097	1,394	1,753	1,004	482	355
Government contributions		-	-	-	3	-	7	-	5
Tax credits		180	183	575	501	420	274	109	94
Transfers in from other schemes		12	168	2,431	434	331	365	172	115
Transfers (from)/to portfolios		2,588	4,385	12,409	24,843	8,649	9,287	590	569
Portfolio investment entity taxation		(88)	(81)	(233)	(9)	(195)	(7)	(65)	-
Unallocated contributions		2	(2)	2	6	9	-	2	-
Benefits paid		(3,650)	(2,739)	(997)	(398)	(277)	(338)	(208)	(82)
Transfers out to other schemes		(695)	(497)	(2,603)	(973)	(1,651)	(805)	(642)	(336)
Administration fees		(22)	(19)	(54)	(29)	(34)	(16)	(9)	(5)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		(83)	2,893	18,441	29,142	12,667	11,776	1,298	1,374
Net increase/(decrease) in cash and cash equivalents		33	24	493	282	237	311	(22)	161
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		116	92	312	30	321	10	164	3
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		149	116	805	312	558	321	142	164

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 2017

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.

Details of membership during the year were:

Opening Membership at 1 April 2016	99,303
New Members	7,940
Exited Members	<u>(10,436)</u>
Closing Membership at 31 March 2017	<u>96,807</u>

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)

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

1 SCHEME DESCRIPTION (Continued)

The Funds invest in the following investment portfolios within Mercer Investment Trusts New Zealand ("MITNZ"):

Mercer Investment Trusts New Zealand

Mercer Trans-Tasman Shares Trust
 Mercer Unhedged Overseas Shares Trust

Mercer Hedged Overseas Shares Trust

Mercer Overseas Small Companies and Emerging Markets Trust

Mercer Trans-Tasman Property Trust
 Mercer Property and Infrastructure Trust (formerly known as Mercer Overseas Property Trust)

Mercer Alternative Assets Trust
 Mercer Infrastructure Trust (formerly known as Mercer Cash Trust)

Mercer New Zealand Cash and Fixed Interest Trust (formerly known as Mercer New Zealand Fixed Interest Trust)

Mercer Overseas Fixed Interest Trust

Mercer Commodities Trust
 Mercer Diversified Trust

During the year the MITNZ was restructured into the above Trusts and Investment Portfolios.

Upon closure, the Scheme transferred investments in the Mercer Infrastructure Trust ("MIT") (formerly known as Mercer Cash Trust) to the Mercer New Zealand Cash and Fixed Interest Trust ("MNZCFIT") (formerly known as Mercer New Zealand Fixed Interest Trust).

During the year the Mercer Unlisted Infrastructure Portfolio (MUIP) in the Mercer Property and Infrastructure Trust closed. The Scheme transferred its investment in the Mercer Unlisted Infrastructure Portfolio (MUIP) to the Mercer Unlisted Infrastructure Portfolio (MUIN) in the Mercer Infrastructure Trust.

Investment Portfolio

- Mercer Trans-Tasman Shares Portfolio
- Mercer Overseas Shares Portfolio
- Mercer Overseas Shares Plus Portfolio
- Mercer Overseas Low Volatility Shares Portfolio
- Mercer Hedged Overseas Shares Portfolio
- Mercer Hedged Overseas Shares Plus Portfolio
- Mercer Overseas Small Companies Portfolio
- Mercer Emerging Markets Portfolio
- Mercer Unlisted Property Portfolio
- Mercer Listed Property Portfolio
- Mercer Listed Infrastructure Portfolio
- Mercer Unlisted Infrastructure Portfolio (MUIP)
- Mercer Alternative Assets Portfolio
- Mercer Cash Portfolio (MIT)
- Mercer Unlisted Infrastructure Portfolio (MUIN)
- Mercer Cash Portfolio (MNZCFIT)
- Mercer New Zealand Sovereign Bond Portfolio
- Mercer Overseas Sovereign Bond Portfolio
- Mercer Global Credit Portfolio
- Mercer Overseas Fixed Interest Portfolio
- Mercer Natural Resources Portfolio
- Mercer Balanced Portfolio
- Mercer Growth Portfolio
- Mercer High Growth Portfolio
- Mercer Moderate Portfolio
- Mercer Shares Portfolio

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

1 SCHEME DESCRIPTION (Continued)

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.

BNP Paribas Fund Services Australasia Pty Ltd ("BNP Paribas") is the custodian of the Scheme.

2 BASIS OF PREPARATION

The financial statements are being presented on a segregated fund basis in accordance with the requirements of the Financial Markets Conduct Act 2013. Segregated fund reporting has also been applied to 31 March 2016 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 cash flows of the Funds that make up the Scheme.

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.

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).

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

2 BASIS OF PREPARATION (Continued)

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.

Funding Policy

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 2017, employer contribution rates are either 3% or greater (2016: 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.

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 year end, and the fair value at the previous valuation point or weighted average cost for purchases during the year. 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.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Classification

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 investment 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, which is 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 unlisted unit 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.

(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 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.

The legislation regarding the taxation of a PIE provides that the Scheme pays tax on behalf of its members. As such, 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 comprise of 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.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Scheme.

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.

(viii) Accounting Policy for Investment Entities

Whilst the Scheme has investments in a number of related party wholesale unlisted unit 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 members 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 unlisted unit 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.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 and interpretations adopted by the Scheme:

The standards, amendments to existing standards and interpretations that were effective for the first time for the financial year beginning 1 April 2016 did not have a material impact on the financial statements of the Scheme.

(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 (Effective date: periods beginning on or after 1 January 2018)

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Scheme intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

4 VESTED BENEFITS

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

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Member accounts - vested benefits	1,573,494	1,397,936	1,044,200	978,208	288,387	240,142	117,112	95,605
Adjustments arising from valuation differences	269	227	486	480	(98)	(112)	(6)	(17)
Net Assets Attributable to Members	1,573,763	1,398,163	1,044,686	978,688	288,289	240,030	117,106	95,588

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Member accounts - vested benefits	15,446	15,321	54,461	33,525	42,177	26,045	11,711	9,090
Adjustments arising from valuation differences	43	41	(106)	(112)	(37)	(41)	(13)	(12)
Net Assets Attributable to Members	15,489	15,362	54,355	33,413	42,140	26,004	11,698	9,078

Valuation differences exist between the Net assets attributable to members and vested benefits. 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.

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 2017

5 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Scheme held investments in the following MITNZ investment portfolios:

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Designated at fair value through profit or loss								
Mercer Balanced Portfolio	285,646	238,746	-	-	285,646	238,746	-	-
Mercer Global Credit Portfolio	138,450	132,231	138,450	132,231	-	-	-	-
Mercer Growth Portfolio	41,914	25,881	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	47,545	37,175	47,545	37,175	-	-	-	-
Mercer Cash Portfolio (MNZCFIT)	376,077	-	360,510	-	-	-	-	-
Mercer Cash Portfolio (MIT)	-	357,503	-	342,159	-	-	-	-
Mercer Listed Infrastructure Portfolio	4,487	3,865	4,487	3,865	-	-	-	-
Mercer Listed Property Portfolio	4,714	4,520	4,714	4,520	-	-	-	-
Mercer High Growth Portfolio	116,327	94,740	-	-	-	-	116,327	94,740
Mercer Moderate Portfolio	53,847	33,407	-	-	-	-	-	-
Mercer Natural Resources Portfolio	3,369	3,073	3,369	3,073	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	153,447	146,355	153,447	146,355	-	-	-	-
Mercer Hedged Overseas Shares Portfolio	17,587	13,766	17,587	13,766	-	-	-	-
Mercer Overseas Low Volatility Shares Portfolio	20,802	11,905	20,802	11,905	-	-	-	-
Mercer Overseas Sovereign Bond Portfolio	158,058	152,220	158,058	152,220	-	-	-	-
Mercer Shares Portfolio	11,664	8,974	-	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	36,543	41,513	36,543	41,513	-	-	-	-
Mercer Overseas Shares Portfolio	17,982	15,079	17,982	15,079	-	-	-	-
Mercer Overseas Shares Plus Portfolio	43,058	44,426	43,058	44,426	-	-	-	-
Mercer Unlisted Infrastructure Portfolio (MUIN)	15,013	-	15,013	-	-	-	-	-
Mercer Unlisted Infrastructure Portfolio (MUIP)	-	12,978	-	12,978	-	-	-	-
Mercer Unlisted Property Portfolio	12,934	11,681	12,934	11,681	-	-	-	-
Total Financial Assets held at Fair Value through profit or loss	1,559,464	1,390,038	1,034,499	972,946	285,646	238,746	116,327	94,740

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

5 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The Scheme held investments in the following MITNZ investment portfolios:

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Designated at fair value through profit or loss								
Mercer Growth Portfolio	-	-	-	-	41,914	25,881	-	-
Mercer Cash Portfolio (MNZCFIT)	15,567	-	-	-	-	-	-	-
Mercer Cash Portfolio (MIT)	-	15,344	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	53,847	33,407	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	11,664	8,974
Total Financial Assets held at Fair Value through profit or loss	15,567	15,344	53,847	33,407	41,914	25,881	11,664	8,974

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	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Designated at fair value through profit or loss								
Mercer Balanced Portfolio	285,646	238,746	-	-	285,646	238,746	-	-
Mercer Global Credit Portfolio	138,450	132,231	138,450	132,231	-	-	-	-
Mercer Cash Portfolio (MNZCFIT)	376,077	-	360,510	-	-	-	-	-
Mercer Cash Portfolio (MIT)	-	357,503	-	342,159	-	-	-	-
Mercer High Growth Portfolio	116,327	94,740	-	-	-	-	116,327	94,740
Mercer New Zealand Sovereign Bond Portfolio	153,447	146,355	153,447	146,355	-	-	-	-
Mercer Overseas Sovereign Bond Portfolio	158,058	152,220	158,058	152,220	-	-	-	-
Total Financial Assets held at Fair Value through profit or loss	1,228,005	1,121,795	810,465	772,965	285,646	238,746	116,327	94,740

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Designated at fair value through profit or loss								
Mercer Growth Portfolio	-	-	-	-	41,914	25,881	-	-
Mercer Cash Portfolio (MNZCFIT)	15,567	-	-	-	-	-	-	-
Mercer Cash Portfolio (MIT)	-	15,344	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	53,847	33,407	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	11,664	8,974
Total Financial Assets held at Fair Value through profit or loss	15,567	15,344	53,847	33,407	41,914	25,881	11,664	8,974

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

5 FINANCIAL ASSETS 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).

Financial assets 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 (2016: Same). During the year there were no transfers of investments between levels (2016: Same).

6 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, Supervisor fees and Administration fees in the Statements of Changes in Net Assets. These are recovered through the cancellation of units for member fixed fees and a unit price adjustment for net asset based fees. In 2017 and 2016, Fund charges consisting of In Fund costs, expense reimbursement to the Manager for Scheme expenses paid by the Manager, investment management fees and supervisor fees have been deducted. The fee rates for 2017 and 2016 are disclosed below.

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

Members who are Mercer and Marsh employees and their families are entitled to a waiver of the monthly Administration fee. This waiver commenced on 1 March 2017.

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 unlisted unit trusts managed by Mercer which the Scheme holds as disclosed in Note 5. 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/(losses) 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
For the Year Ended 31 March 2017

6 RELATED PARTIES (Continued)

Details of the Scheme's related party expenses including investment management fees charged through the unit price 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	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Investment management fees								
Investment management fees to Mercer	2,920	3,074	2,855	2,564	20	268	8	142
Investment management fees to Mercer, related party and third party Investment managers via MITNZ unit price	5,595	3,911	2,281	2,050	1,801	1,030	864	543
Total investment management fees	8,515	6,985	5,136	4,614	1,821	1,298	872	685
Administration fees								
Administration fees to Mercer	2,939	2,965	2,442	2,531	278	247	106	104
Supervisor fees								
Supervisor fees to Trustees Executors Limited by Mercer	328	317	222	232	59	48	23	21
Manager fees (expense recoveries)								
Manager fees (expense recoveries) to Mercer	36	129	24	91	7	22	3	9
Total	11,818	10,396	7,824	7,468	2,165	1,615	1,004	819
	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Investment management fees								
Investment management fees to Mercer	29	29	3	35	4	24	1	12
Investment management fees to Mercer, related party and third party Investment managers via MITNZ unit price	22	9	271	115	263	116	93	48
Total investment management fees	51	38	274	150	267	140	94	60
Administration fees								
Administration fee expenses to Mercer	20	21	51	36	33	20	9	6
Supervisor fees								
Supervisor fee expenses to Trustees Executors Limited by Mercer	3	3	11	6	8	5	2	2
Manager fees (expense recoveries)								
Manager fees (expense recoveries) to Mercer	-	1	1	3	1	2	-	1
Total	74	63	337	195	309	167	105	69

Outstanding balances due to related parties are not interest bearing.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

6 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	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Mercer Conservative	353	445	37	39	24	91	201	416
Mercer Balanced	3	2	10	9	7	22	23	47
Mercer High Growth	1	1	4	4	3	9	9	18
Mercer Cash	-	6	1	1	-	1	2	4
Mercer Moderate	1	1	2	1	1	3	4	7
Mercer Growth	1	-	1	1	1	2	3	4
Mercer Shares	1	-	-	-	-	1	1	1
Total	360	455	55	55	36	129	243	497

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.

Transfers in from Mercer Super Trust KiwiSaver Scheme	TOTAL	Mercer	Mercer	Mercer High	Mercer Cash	Mercer	Mercer	Mercer
	2016 \$000s	Conservative 2016 \$000s	Balanced 2016 \$000s	Growth 2016 \$000s	2016 \$000s	Moderate 2016 \$000s	Growth 2016 \$000s	Shares 2016 \$000s
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	-
Total	157,125	912	120,979	9,486	2,523	3,068	12,702	7,455

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

6 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. Mercer is the Manager of MITNZ. Two directors of Mercer are current members of the Scheme.

The Scheme holds units in the following investment portfolios in the MITNZ:

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Scheme Total										
Mercer Australian Inflation Linked Bonds Portfolio	-	1,336	-	3,277	-	(4,640)	-	27	-	-
Mercer Australian Sovereign Bonds Portfolio	-	780	-	-	-	(784)	-	4	-	-
Mercer Balanced Portfolio	238,746	-	25,595	234,893	-	-	21,305	3,853	285,646	238,746
Mercer Emerging Markets Debt Portfolio	-	1,549	-	4,284	-	(5,735)	-	(98)	-	-
Mercer Emerging Markets Portfolio	-	7,523	-	9,734	-	(16,589)	-	(668)	-	-
Mercer Global Credit Portfolio	132,231	127,435	750	19,857	-	(20,307)	5,469	5,246	138,450	132,231
Mercer Growth Portfolio	25,881	-	12,581	25,573	(156)	-	3,608	308	41,914	25,881
Mercer Hedged Overseas Shares Plus Portfolio	37,175	52,506	4,387	32,480	(2,314)	(43,845)	8,297	(3,966)	47,545	37,175
Mercer Cash Portfolio (MNZCFIT)	-	-	371,936	-	(722)	-	4,862	-	376,076	-
Mercer Cash Portfolio (MIT)	357,503	340,808	10,000	53,467	(371,480)	(48,728)	3,977	11,956	-	357,503
Mercer Liquid Alternative Strategies Portfolio	-	4,412	-	3,184	-	(7,573)	-	(23)	-	-
Mercer Listed Infrastructure Portfolio	3,865	13,001	-	3,872	-	(12,781)	622	(227)	4,487	3,865
Mercer Listed Property Portfolio	4,520	7,171	-	4,971	-	(7,508)	194	(114)	4,714	4,520
Mercer High Growth Portfolio	94,740	-	8,917	93,774	-	-	12,670	966	116,327	94,740
Mercer Moderate Portfolio	33,407	-	19,212	32,780	(1,270)	-	2,498	627	53,847	33,407
Mercer Natural Resources Portfolio	3,073	7,146	-	2,256	-	(5,728)	296	(601)	3,369	3,073
Mercer New Zealand Sovereign Bond Portfolio	146,355	148,375	5,000	27,853	-	(39,784)	2,092	9,911	153,447	146,355
Mercer Hedged Overseas Shares Portfolio	13,766	18,630	932	11,095	-	(15,079)	2,889	(880)	17,587	13,766
Mercer Overseas Low Volatility Shares Portfolio	11,905	17,199	7,181	5,817	-	(13,629)	1,716	2,518	20,802	11,905
Mercer Overseas Small Companies Portfolio	-	6,067	-	6,902	-	(13,282)	-	313	-	-
Mercer Overseas Sovereign Bond Portfolio	152,220	152,970	2,950	18,396	-	(26,646)	2,889	7,500	158,059	152,220
Mercer Passive Listed Infrastructure Portfolio	-	672	-	-	-	(682)	-	10	-	-
Mercer Passive Listed Property Portfolio	-	588	-	-	-	(595)	-	7	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	13,909	-	(13,944)	-	35	-	-
Mercer Shares Portfolio	8,974	-	1,911	9,153	(593)	(258)	1,372	79	11,664	8,974
Mercer Trans-Tasman Shares Portfolio	41,513	66,460	-	25,509	(7,500)	(58,231)	2,530	7,775	36,543	41,513
Mercer Overseas Shares Portfolio	15,079	20,019	1,500	4,091	(931)	(10,449)	2,334	1,418	17,982	15,079
Mercer Overseas Shares Plus Portfolio	44,426	56,309	4,904	19,996	(13,470)	(34,321)	7,198	2,442	43,058	44,426
Mercer Unlisted Infrastructure Portfolio (MUIN)	-	-	15,096	-	-	-	(83)	-	15,013	-
Mercer Unlisted Infrastructure Portfolio (MUIP)	12,978	20,865	-	5,785	(15,096)	(16,395)	2,118	2,723	-	12,978
Mercer Unlisted Property Portfolio	11,681	17,487	-	5,971	-	(13,952)	1,253	2,175	12,934	11,681
Total	1,390,038	1,089,308	492,852	678,879	(413,532)	(431,465)	90,106	53,316	1,559,464	1,390,038

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Mercer Conservative										
Mercer Australian Sovereign Bonds Portfolio	-	506	-	-	-	(691)	-	185	-	-
Mercer Global Credit Portfolio	132,231	121,753	750	10,683	-	(5,472)	5,469	5,267	138,450	132,231
Mercer Hedged Overseas Shares Plus Portfolio	37,175	33,001	4,387	11,833	(2,314)	(5,752)	8,297	(1,907)	47,545	37,175
Mercer Cash Portfolio (MNZCFIT)	-	-	356,569	-	(716)	-	4,656	-	360,509	-
Mercer Cash Portfolio (MIT)	342,159	321,257	11,517	34,206	(357,484)	(23,382)	3,808	10,078	-	342,159
Mercer Listed Infrastructure Portfolio	3,865	8,238	-	1,009	-	(5,299)	622	(83)	4,487	3,865
Mercer Listed Property Portfolio	4,520	3,304	-	2,319	-	(1,174)	194	71	4,714	4,520
Mercer Natural Resources Portfolio	3,073	4,580	-	19	-	(1,171)	296	(355)	3,369	3,073
Mercer New Zealand Sovereign Bond Portfolio	146,355	138,845	5,000	12,921	-	(14,503)	2,092	9,092	153,447	146,355
Mercer Hedged Overseas Shares Portfolio	13,766	12,190	932	5,056	-	(2,949)	2,889	(531)	17,587	13,766
Mercer Overseas Low Volatility Shares Portfolio	11,905	11,579	7,181	545	-	(1,180)	1,716	961	20,802	11,905
Mercer Overseas Small Companies Portfolio	-	-	-	-	-	-	-	-	-	-
Mercer Overseas Sovereign Bond Portfolio	152,220	145,335	2,950	5,860	-	(6,062)	2,889	7,087	158,059	152,220
Mercer Passive Listed Infrastructure Portfolio	-	478	-	-	-	(631)	-	153	-	-
Mercer Passive Listed Property Portfolio	-	460	-	-	-	(556)	-	96	-	-
Mercer Trans-Tasman Shares Portfolio	41,513	46,043	-	5,966	(7,500)	(16,733)	2,530	6,237	36,543	41,513
Mercer Overseas Shares Portfolio	15,079	14,998	1,500	108	(931)	(1,021)	2,334	994	17,982	15,079
Mercer Overseas Shares Plus Portfolio	44,426	41,533	4,904	8,209	(13,470)	(7,186)	7,198	1,870	43,058	44,426
Mercer Unlisted Infrastructure Portfolio (MUIN)	-	-	15,096	-	-	-	(83)	-	15,013	-
Mercer Unlisted Infrastructure Portfolio (MUIP)	12,978	14,892	-	27	(15,096)	(3,346)	2,118	1,405	-	12,978
Mercer Unlisted Property Portfolio	11,681	11,669	-	309	-	(1,462)	1,253	1,165	12,934	11,681
Total	972,946	930,661	410,786	99,070	(397,511)	(98,570)	48,278	41,785	1,034,499	972,946

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Mercer Balanced										
Mercer Australian Inflation Linked Bonds Portfolio	-	968	-	3,046	-	(4,045)	-	31	-	-
Mercer Australian Sovereign Bonds Portfolio	-	239	-	-	-	(76)	-	(163)	-	-
Mercer Balanced Portfolio	238,746	-	25,595	234,893	-	-	21,305	3,853	285,646	238,746
Mercer Emerging Markets Debt Portfolio	-	1,035	-	3,578	-	(4,534)	-	(79)	-	-
Mercer Emerging Markets Portfolio	-	2,682	-	7,107	-	(9,410)	-	(379)	-	-
Mercer Global Credit Portfolio	-	5,233	-	9,437	-	(14,635)	-	(35)	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	7,217	-	15,416	-	(21,786)	-	(847)	-	-
Mercer Cash Portfolio (MIT)	-	9,200	-	18,403	-	(28,432)	-	829	-	-
Mercer Liquid Alternative Strategies Portfolio	-	2,280	-	2,002	-	(4,260)	-	(22)	-	-
Mercer Listed Infrastructure Portfolio	-	2,282	-	3,138	-	(5,339)	-	(81)	-	-
Mercer Listed Property Portfolio	-	2,007	-	3,418	-	(5,341)	-	(84)	-	-
Mercer Natural Resources Portfolio	-	1,072	-	2,308	-	(3,257)	-	(123)	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	7,981	-	15,813	-	(24,386)	-	592	-	-
Mercer Hedged Overseas Shares Portfolio	-	2,331	-	5,306	-	(7,559)	-	(78)	-	-
Mercer Overseas Low Volatility Shares Portfolio	-	1,867	-	3,709	-	(6,204)	-	628	-	-
Mercer Overseas Small Companies Portfolio	-	2,140	-	5,256	-	(7,515)	-	119	-	-
Mercer Overseas Sovereign Bond Portfolio	-	7,249	-	13,102	-	(20,595)	-	244	-	-
Mercer Passive Listed Infrastructure Portfolio	-	123	-	-	-	(26)	-	(97)	-	-
Mercer Passive Listed Property Portfolio	-	85	-	-	-	(21)	-	(64)	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	8,705	-	(8,728)	-	23	-	-
Mercer Trans-Tasman Shares Portfolio	-	7,553	-	14,999	-	(23,394)	-	842	-	-
Mercer Overseas Shares Portfolio	-	1,963	-	2,906	-	(5,050)	-	181	-	-
Mercer Overseas Shares Plus Portfolio	-	5,742	-	9,881	-	(15,793)	-	170	-	-
Mercer Unlisted Infrastructure Portfolio (MUIP)	-	2,679	-	4,631	-	(8,091)	-	781	-	-
Mercer Unlisted Property Portfolio	-	2,727	-	4,725	-	(8,042)	-	590	-	-
Total	238,746	76,655	25,595	391,779	-	(236,519)	21,305	6,831	285,646	238,746

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Mercer High Growth										
Mercer Australian Inflation Linked Bonds Portfolio	-	355	-	51	-	(400)	-	(6)	-	-
Mercer Australian Sovereign Bonds Portfolio	-	31	-	-	-	(14)	-	(17)	-	-
Mercer Emerging Markets Debt Portfolio	-	499	-	357	-	(857)	-	1	-	-
Mercer Emerging Markets Portfolio	-	4,751	-	1,797	-	(6,479)	-	(69)	-	-
Mercer Global Credit Portfolio	-	374	-	52	-	(403)	-	(23)	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	12,050	-	4,129	-	(15,249)	-	(930)	-	-
Mercer Cash Portfolio (MIT)	-	642	-	541	-	(1,691)	-	508	-	-
Mercer Liquid Alternative Strategies Portfolio	-	2,091	-	903	-	(2,996)	-	2	-	-
Mercer Listed Infrastructure Portfolio	-	2,439	-	370	-	(2,757)	-	(52)	-	-
Mercer Listed Property Portfolio	-	1,830	-	607	-	(2,314)	-	(123)	-	-
Mercer High Growth Portfolio	94,740	-	8,917	93,774	-	-	12,670	966	116,327	94,740
Mercer Natural Resources Portfolio	-	1,468	-	378	-	(1,752)	-	(94)	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	1,441	-	732	-	(2,252)	-	79	-	-
Mercer Hedged Overseas Shares Portfolio	-	4,036	-	1,468	-	(5,260)	-	(244)	-	-
Mercer Overseas Low Volatility Shares Portfolio	-	3,677	-	843	-	(5,351)	-	831	-	-
Mercer Overseas Small Companies Portfolio	-	3,859	-	776	-	(4,838)	-	203	-	-
Mercer Overseas Sovereign Bond Portfolio	-	293	-	51	-	(408)	-	64	-	-
Mercer Passive Listed Infrastructure Portfolio	-	71	-	-	-	(25)	-	(46)	-	-
Mercer Passive Listed Property Portfolio	-	43	-	-	-	(18)	-	(25)	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	3,551	-	(3,558)	-	7	-	-
Mercer Trans-Tasman Shares Portfolio	-	12,637	-	3,273	-	(16,386)	-	476	-	-
Mercer Overseas Shares Portfolio	-	3,003	-	646	-	(3,852)	-	203	-	-
Mercer Overseas Shares Plus Portfolio	-	8,872	-	2,116	-	(11,397)	-	409	-	-
Mercer Unlisted Infrastructure Portfolio (MUIP)	-	3,235	-	860	-	(4,474)	-	379	-	-
Mercer Unlisted Property Portfolio	-	3,035	-	744	-	(4,087)	-	308	-	-
Total	94,740	70,732	8,917	118,019	-	(96,818)	12,670	2,807	116,327	94,740

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Mercer Cash										
Mercer Cash Portfolio (MNZCFIT)	-	-	16,142	-	(781)	-	206	-	15,567	-
Mercer Cash Portfolio (MIT)	15,344	9,465	790	7,197	(16,303)	(1,831)	169	513	-	15,344
Total	15,344	9,465	16,932	7,197	(17,084)	(1,831)	375	513	15,567	15,344

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Mercer Moderate										
Mercer Australian Inflation Linked Bonds Portfolio	-	3	-	217	-	(221)	-	1	-	-
Mercer Australian Sovereign Bonds Portfolio	-	1	-	-	-	(1)	-	-	-	-
Mercer Emerging Markets Debt Portfolio	-	4	-	449	-	(444)	-	(9)	-	-
Mercer Emerging Markets Portfolio	-	8	-	649	-	(611)	-	(46)	-	-
Mercer Global Credit Portfolio	-	33	-	2,503	-	(2,561)	-	25	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	21	-	1,822	-	(1,770)	-	(73)	-	-
Mercer Cash Portfolio (MIT)	-	196	-	7,790	-	(8,000)	-	14	-	-
Mercer Liquid Alternative Strategies Portfolio	-	11	-	596	-	(605)	-	(2)	-	-
Mercer Listed Infrastructure Portfolio	-	7	-	431	-	(429)	-	(9)	-	-
Mercer Listed Property Portfolio	-	5	-	377	-	(388)	-	6	-	-
Mercer Moderate Portfolio	33,407	-	19,212	32,780	(1,270)	-	2,498	627	53,847	33,407
Mercer Natural Resources Portfolio	-	4	-	312	-	(303)	-	(13)	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	54	-	4,266	-	(4,434)	-	114	-	-
Mercer Hedged Overseas Shares Portfolio	-	7	-	604	-	(599)	-	(12)	-	-
Mercer Overseas Low Volatility Shares Portfolio	-	4	-	398	-	(430)	-	28	-	-
Mercer Overseas Small Companies Portfolio	-	6	-	490	-	(509)	-	13	-	-
Mercer Overseas Sovereign Bond Portfolio	-	45	-	3,562	-	(3,685)	-	78	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	1,182	-	(1,184)	-	2	-	-
Mercer Trans-Tasman Shares Portfolio	-	27	-	2,102	-	(2,203)	-	74	-	-
Mercer Overseas Shares Portfolio	-	6	-	413	-	(440)	-	21	-	-
Mercer Overseas Shares Plus Portfolio	-	20	-	1,327	-	(1,376)	-	29	-	-
Mercer Unlisted Infrastructure Portfolio (MUIP)	-	10	-	767	-	(843)	-	66	-	-
Mercer Unlisted Property Portfolio	-	10	-	773	-	(833)	-	50	-	-
Total	33,407	482	19,212	63,810	(1,270)	(31,869)	2,498	984	53,847	33,407

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Mercer Growth										
Mercer Australian Inflation Linked Bonds Portfolio	-	10	-	203	-	(214)	-	1	-	-
Mercer Australian Sovereign Bonds Portfolio	-	3	-	-	-	(2)	-	(1)	-	-
Mercer Emerging Markets Debt Portfolio	-	11	-	369	-	(369)	-	(11)	-	-
Mercer Emerging Markets Portfolio	-	61	-	1,259	-	(1,217)	-	(103)	-	-
Mercer Global Credit Portfolio	-	42	-	821	-	(875)	-	12	-	-
Mercer Growth Portfolio	25,881	-	12,581	25,573	(156)	-	3,608	308	41,914	25,881
Mercer Hedged Overseas Shares Plus Portfolio	-	166	-	3,271	-	(3,303)	-	(134)	-	-
Mercer Cash Portfolio (MIT)	-	48	-	1,077	-	(1,139)	-	14	-	-
Mercer Liquid Alternative Strategies Portfolio	-	30	-	189	-	(218)	-	(1)	-	-
Mercer Listed Infrastructure Portfolio	-	35	-	509	-	(542)	-	(2)	-	-
Mercer Listed Property Portfolio	-	25	-	551	-	(592)	-	16	-	-
Mercer Natural Resources Portfolio	-	22	-	433	-	(439)	-	(16)	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	54	-	1,228	-	(1,316)	-	34	-	-
Mercer Hedged Overseas Shares Portfolio	-	49	-	1,058	-	(1,099)	-	(8)	-	-
Mercer Overseas Low Volatility Shares Portfolio	-	52	-	1,097	-	(1,196)	-	47	-	-
Mercer Overseas Small Companies Portfolio	-	45	-	944	-	(980)	-	(9)	-	-
Mercer Overseas Sovereign Bond Portfolio	-	48	-	965	-	(1,040)	-	27	-	-
Mercer Select Alternative Strategies Portfolio	-	-	-	875	-	(878)	-	3	-	-
Mercer Trans-Tasman Shares Portfolio	-	130	-	2,512	-	(2,727)	-	85	-	-
Mercer Overseas Shares Portfolio	-	37	-	642	-	(693)	-	14	-	-
Mercer Overseas Shares Plus Portfolio	-	109	-	2,124	-	(2,220)	-	(13)	-	-
Mercer Unlisted Infrastructure Portfolio (MUIP)	-	49	-	929	-	(1,070)	-	92	-	-
Mercer Unlisted Property Portfolio	-	46	-	889	-	(997)	-	62	-	-
Total	25,881	1,072	12,581	47,518	(156)	(23,126)	3,608	417	41,914	25,881

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Mercer Shares										
Mercer Emerging Markets Portfolio	-	21	-	851	-	(801)	-	(71)	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	51	-	2,138	-	(2,114)	-	(75)	-	-
Mercer Hedged Overseas Shares Portfolio	-	17	-	707	-	(717)	-	(7)	-	-
Mercer Overseas Low Volatility Shares Portfolio	-	20	-	785	-	(828)	-	23	-	-
Mercer Overseas Small Companies Portfolio	-	17	-	682	-	(686)	-	(13)	-	-
Mercer Shares Portfolio	8,974	-	1,911	9,153	(593)	(258)	1,372	79	11,664	8,974
Mercer Trans-Tasman Shares Portfolio	-	70	-	2,283	-	(2,414)	-	61	-	-
Mercer Overseas Shares Portfolio	-	12	-	433	-	(450)	-	5	-	-
Mercer Overseas Shares Plus Portfolio	-	33	-	1,323	-	(1,333)	-	(23)	-	-
Total	8,974	241	1,911	18,355	(593)	(9,601)	1,372	(21)	11,664	8,974

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

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

	Purchases		Sales	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Total				
Mercer Australian Inflation Linked Bonds Portfolio	-	240	-	(240)
Mercer Emerging Markets Debt Portfolio	-	469	-	(469)
Mercer Emerging Markets Portfolio	-	1,929	-	(1,929)
Mercer Global Credit Portfolio	-	3,639	-	(3,639)
Mercer Hedged Overseas Shares Plus Portfolio	-	6,129	-	(6,129)
Mercer Cash Portfolio (MNZCFIT)	775	-	(775)	-
Mercer Cash Portfolio (MIT)	2,307	15,747	(2,307)	(15,747)
Mercer Liquid Alternative Strategies Portfolio	-	506	-	(506)
Mercer Listed Infrastructure Portfolio	-	1,585	-	(1,585)
Mercer Listed Property Portfolio	-	2,301	-	(2,301)
Mercer Natural Resources Portfolio	-	1,194	-	(1,194)
Mercer New Zealand Sovereign Bond Portfolio	-	7,107	-	(7,107)
Mercer Hedged Overseas Shares Portfolio	-	3,104	-	(3,104)
Mercer Overseas Low Volatility Shares Portfolio	-	1,560	-	(1,560)
Mercer Overseas Small Companies Portfolio	-	1,246	-	(1,246)
Mercer Overseas Sovereign Bond Portfolio	-	5,144	-	(5,144)
Mercer Select Alternative Strategies Portfolio	-	404	-	(404)
Mercer Trans-Tasman Shares Portfolio	-	5,626	-	(5,626)
Mercer Overseas Shares Portfolio	-	1,057	-	(1,057)
Mercer Overseas Shares Plus Portfolio	-	4,984	-	(4,984)
Mercer Unlisted Infrastructure Portfolio (MUIP)	-	1,429	-	(1,429)
Mercer Unlisted Property Portfolio	-	1,469	-	(1,469)
Total	3,082	66,869	(3,082)	(66,869)

During the year there were non-cash transactions comprising switches between MITNZ portfolios to the value of \$388,866,944 at a Scheme level (2016: \$20,140,520).

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

7 PAYMENT OF BENEFITS

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Retirement	21,408	18,402	15,664	13,041	3,471	3,273	723	687
Serious ill health	1,245	1,071	1,060	855	120	133	29	61
Death or disability	2,212	1,610	70	1	-	-	-	-
Significant financial hardship	2,000	1,153	1,664	956	230	160	34	22
First home assistance	20,139	15,262	14,647	11,789	2,853	1,946	1,323	940
Permanent emigration to Australia	57	156	15	43	42	-	-	113
Permanent emigration excluding Australia	1,412	973	971	717	183	179	150	77
Other	680	867	618	723	25	30	12	113
Total	49,153	39,494	34,709	28,125	6,924	5,721	2,271	2,013

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Retirement	982	909	382	120	65	304	121	68
Serious ill health	2	21	34	-	-	-	-	1
Death or disability	2,142	1,609	-	-	-	-	-	-
Significant financial hardship	23	3	25	-	9	11	15	1
First home assistance	554	199	523	346	184	30	55	12
Permanent emigration to Australia	-	-	-	-	-	-	-	-
Permanent emigration excluding Australia	71	-	-	-	19	-	18	-
Other	24	-	1	1	-	-	-	-
Total	3,798	2,741	965	467	277	345	209	82

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

8 TRANSFERS IN FROM OTHER SCHEMES

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Transfers from other KiwiSaver Schemes	2,480	161,294	1,377	2,338	786	122,519	210	9,806
Transfers from other superannuation schemes	7,465	2,343	1,078	1,107	3,255	627	378	117
Transfers from Trans-Tasman portability	2,214	2,134	1,732	1,325	264	599	133	121
Total	12,159	165,771	4,187	4,770	4,305	123,745	721	10,044

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Transfers from other KiwiSaver Schemes	1	2,601	15	3,199	42	13,185	49	7,646
Transfers from other superannuation schemes	-	86	2,390	272	247	124	117	10
Transfers from Trans-Tasman portability	11	4	26	71	42	2	6	12
Total	12	2,691	2,431	3,542	331	13,311	172	7,668

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

9 RECONCILIATION OF NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Net profit/(loss) before membership activities	87,143	50,298	45,396	39,251	21,276	6,580	12,659	2,669
<i>Adjustments for:</i>								
Net gains/(losses) on financial assets held at fair value through profit or loss	(90,106)	(53,316)	(48,278)	(41,785)	(21,305)	(6,831)	(12,670)	(2,807)
Proceeds from sale of financial assets	24,665	33,470	24,099	98,570	-	236,519	-	96,818
Payments for purchase of financial assets	(103,985)	(122,274)	(37,374)	(98,151)	(25,595)	(269,811)	(8,917)	(108,426)
<i>Changes in assets and liabilities:</i>								
(Decrease)/increase in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	(188)	135	(161)	156	(13)	(8)	(6)	(24)
Net Cash flows (used in)/from Operating Activities	(82,471)	(91,687)	(16,318)	(1,959)	(25,637)	(33,551)	(8,934)	(11,770)

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Net profit/(loss) before membership activities	346	485	2,493	952	3,603	395	1,370	(34)
<i>Adjustments for:</i>								
Net gains/(losses) on financial assets held at fair value through profit or loss	(375)	(513)	(2,498)	(984)	(3,608)	(417)	(1,372)	21
Proceeds from sale of financial assets	1,629	1,831	1,270	31,869	156	23,126	593	9,601
Payments for purchase of financial assets	(1,477)	(4,674)	(19,212)	(60,702)	(12,581)	(34,572)	(1,911)	(10,802)
<i>Changes in assets and liabilities:</i>								
(Decrease)/increase in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	(7)	2	(1)	5	-	3	-	1
Net Cash flows (used in)/from Operating Activities	116	(2,869)	(17,948)	(28,860)	(12,430)	(11,465)	(1,320)	(1,213)

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

10 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 6). The auditor of the Scheme is PricewaterhouseCoopers (PwC).

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Audit fees for the audit of financial statements and registry testing	121	135	81	95	22	23	9	9
Tax Services - review of tax returns	2	5	1	3	-	1	1	1
Total	123	140	82	98	22	24	10	10

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
Audit fees for the audit of financial statements and registry testing	1	1	4	3	3	3	1	1
Tax Services - review of tax returns	-	-	-	-	-	-	-	-
Total	1	1	4	3	3	3	1	1

11 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 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 the MITNZ investment portfolios. 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
For the Year Ended 31 March 2017

11 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 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.

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.

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 currencies.

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 bearing financial instruments.

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 portfolios.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

11 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 prices (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 Fund and within the underlying investments in the MITNZ. 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	
	2017 \$000s	2017 %	2016 \$000s	2016 %
Mercer Conservative	1,034,499	67%	972,946	70%
Mercer Balanced	285,646	18%	238,746	17%
Mercer High Growth	116,327	7%	94,740	7%
Mercer Cash	15,567	1%	15,344	1%
Mercer Moderate	53,847	3%	33,407	2%
Mercer Growth	41,914	3%	25,881	2%
Mercer Shares	11,664	1%	8,974	1%
Total Unlisted Unit Trusts	1,559,464	100%	1,390,038	100%

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.

	2017				2016			
	Net profit before membership activities		Net Assets Attributable to Members		Net profit before membership activities		Net Assets Attributable to Members	
	10% increase \$000s	10% decrease \$000s	10% increase \$000s	10% decrease \$000s	10% increase \$000s	10% decrease \$000s	10% increase \$000s	10% decrease \$000s
Mercer Conservative	103,450	(103,450)	103,450	(103,450)	97,295	(97,295)	97,295	(97,295)
Mercer Balanced	28,564	(28,564)	28,564	(28,564)	23,875	(23,875)	23,875	(23,875)
Mercer High Growth	11,633	(11,633)	11,633	(11,633)	9,474	(9,474)	9,474	(9,474)
Mercer Cash	1,557	(1,557)	1,557	(1,557)	1,534	(1,534)	1,534	(1,534)
Mercer Moderate	5,385	(5,385)	5,385	(5,385)	3,341	(3,341)	3,341	(3,341)
Mercer Growth	4,191	(4,191)	4,191	(4,191)	2,588	(2,588)	2,588	(2,588)
Mercer Shares	1,166	(1,166)	1,166	(1,166)	897	(897)	897	(897)
Total Unlisted Unit Trusts	155,946	(155,946)	155,946	(155,946)	139,004	(139,004)	139,004	(139,004)

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

11 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 or past due (2016: 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) (2016: 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
Notes to the Financial Statements
For the Year Ended 31 March 2017

12 FINANCIAL INSTRUMENTS BY CATEGORY

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
ASSETS								
Designated at fair value through profit or loss								
Financial assets held at fair value through profit or loss	1,559,464	1,390,038	1,034,499	972,946	285,646	238,746	116,327	94,740
Total investments designated at fair value through profit or loss	1,559,464	1,390,038	1,034,499	972,946	285,646	238,746	116,327	94,740
Loans and Receivables								
Cash and cash equivalents	25,567	18,678	16,619	13,666	5,313	3,154	1,981	945
Total loans and receivables	25,567	18,678	16,619	13,666	5,313	3,154	1,981	945
Total assets	1,585,031	1,408,716	1,051,118	986,612	290,959	241,900	118,308	95,685
LIABILITIES								
Amortised Cost								
Investment management fees payable	360	455	353	445	3	2	1	1
Supervisor fees payable	55	55	37	39	10	9	4	4
Benefits payable	2,239	1,261	1,470	931	481	184	93	68
Unallocated contributions	427	596	289	463	92	108	20	14
Administration fees payable	243	497	201	416	23	47	9	18
Manager fees (expense recoveries) payable	36	129	24	91	7	22	3	9
Net assets attributable to members	1,573,763	1,398,163	1,044,686	978,688	288,289	240,030	117,106	95,588
Total liabilities	1,577,123	1,401,156	1,047,060	981,073	288,905	240,402	117,236	95,702
	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s	2017 \$000s	2016 \$000s
ASSETS								
Designated at fair value through profit or loss								
Financial assets held at fair value through profit or loss	15,567	15,344	53,847	33,407	41,914	25,881	11,664	8,974
Total financial assets designated at fair value through profit or loss	15,567	15,344	53,847	33,407	41,914	25,881	11,664	8,974
Loans and Receivables								
Cash and cash equivalents	149	116	805	312	558	321	142	164
Total loans and receivables	149	116	805	312	558	321	142	164
Total assets	15,716	15,460	54,652	33,719	42,472	26,202	11,806	9,138
LIABILITIES								
Amortised Cost								
Investment management fees payable	-	6	1	1	1	-	1	-
Supervisor fees payable	1	1	2	1	1	1	-	-
Benefits payable	150	2	37	69	7	7	1	-
Unallocated contributions	3	1	9	7	12	3	2	-
Administration fees payable	2	4	4	7	3	4	1	1
Manager fees (expense recoveries) payable	-	1	1	3	1	2	-	1
Net assets attributable to members	15,489	15,362	54,355	33,413	42,140	26,004	11,698	9,078
Total liabilities	15,645	15,377	54,409	33,501	42,165	26,021	11,703	9,080

At 31 March 2017 the carrying amount of cash and cash equivalents and liabilities at amortised cost approximates their fair value (2016: Same).

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2017

13 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 2017, the Scheme did not have any controlling interests in subsidiaries (2016: Nil).

14 GOVERNMENT CONTRIBUTIONS

In 2015 the Government ceased its kick start contribution of \$1,000 to new members who joined KiwiSaver after 21 May 2015. Certain members, who joined before 21 May 2015 did not receive the kick start in the prior year. The Government contribution was credited to their member account in the current year.

15 CONTINGENT LIABILITY, ASSET AND COMMITMENTS

There were no material contingent liabilities or commitments as at 31 March 2017 (2016: Same)

16 EVENTS AFTER BALANCE DATE

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



Independent auditor's report

To the members of Mercer KiwiSaver Scheme (“the Scheme”) comprising the following Funds:

Mercer Conservative

Mercer Balanced

Mercer High Growth

Mercer Cash

Mercer Moderate

Mercer Growth

Mercer Shares

(Collectively referred to as the “Funds”)

The Funds’ and Scheme’s financial statements comprise:

- the statements of net assets as at 31 March 2017;
- the statements of changes in net assets for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the Funds’ and the Scheme’s financial statements present fairly, in all material respects, the net assets of the Funds and the Scheme as at 31 March 2017, their changes in net assets and their cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report.

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

We are independent of the Scheme in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.



Our firm carries out other services for the Scheme in the areas of tax compliance and advisory services. The provision of these other services has not impaired our independence as auditor of the Scheme.

Information other than the financial statements and auditor's report

Mercer (N.Z.) Limited (the Manager) is responsible for the annual report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not, and will not, express any form of assurance conclusion on other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing each Fund's and the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Funds or the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-5/>

This description forms part of our auditor's report.



Who we report to

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 auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Sam Shuttleworth.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

Chartered Accountants
24 July 2017

Auckland