

**MERCER KIWISAVER SCHEME**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**MERCER KIWISAVER SCHEME**  
**Financial Statements**  
**For the Year Ended 31 March 2021**

<b>Contents</b>	<b>Page</b>
Directory	1
Statements of Net Assets	2
Statements of Changes in Net Assets	4
Statements of Cash Flows	6
Notes to the Financial Statements	8
Independent Auditor's Report	34

## MERCER KIWISAVER SCHEME

### Directory

For the year ended 31 March 2021

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

**Registered Office**

Level 11, PwC Tower, 15 Customs Street West  
Auckland 1010

**Investor and Advisor Enquiries**

PO Box 1849  
Wellington 6140  
Website: [mercerfinancialservices.co.nz](http://mercerfinancialservices.co.nz)  
Helpline: 0508 637 237

**Directors:**

David Clifford Bryant (appointed 1 November 2020)  
Paula Elizabeth Jackson  
Kristen Jane Kohere-Soutar (Chairperson)  
Martin Paul Lewington  
David Lawrence McKeown (resigned 31 March 2021)  
Benjamin Jon Cossart Walsh (resigned 30 April 2020)  
Emily Jane O'Brien (appointed 18 June 2021)

**Supervisor:** Trustees Executors Limited  
Level 11, 51 Shortland Street  
PO Box 4197, Shortland Street  
Auckland 1140

**Custodians:** BNP Paribas Fund Services Australasia Pty Ltd  
Level 18, Aon Centre  
1 Willis Street  
Wellington 6011

Trustees Executors Limited  
Level 11, 51 Shortland Street  
PO Box 4197, Shortland Street  
Auckland 1140

**Auditor:** PricewaterhouseCoopers  
Level 4, 10 Waterloo Quay  
PO Box 243  
Wellington 6140

**MERCER KIWISAVER SCHEME**  
**Statements of Net Assets**  
**As at 31 March 2021**

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>ASSETS</b>									
Cash and cash equivalents		14,538	13,008	5,135	7,247	3,886	1,280	1,782	1,217
Financial assets at fair value through profit or loss	5	2,363,011	1,946,731	1,188,581	1,077,502	504,424	391,938	259,366	171,334
Portfolio investment entity tax receivable		-	1,429	-	-	-	1,173	-	1,791
Investment management fees receivable	6	-	-	-	-	2	-	2	-
Other receivables		-	341	-	-	-	-	-	-
<b>Total Assets</b>		<b>2,377,549</b>	<b>1,961,509</b>	<b>1,193,716</b>	<b>1,084,749</b>	<b>508,312</b>	<b>394,391</b>	<b>261,150</b>	<b>174,342</b>
<b>LIABILITIES</b>									
Unallocated contributions		1,309	991	781	649	184	124	177	80
Benefits payable		2,045	2,735	1,111	1,474	453	582	141	36
Investment management fees payable	6	16	149	17	122	-	11	-	10
Supervisor fees payable	6	28	24	15	14	6	5	3	2
Portfolio investment entity tax payable		22,145	-	6,242	2,570	6,729	-	4,314	-
Administration fees payable	6	188	375	141	288	20	39	9	17
<b>Total Liabilities (excluding net assets attributable to members)</b>		<b>25,731</b>	<b>4,274</b>	<b>8,307</b>	<b>5,117</b>	<b>7,392</b>	<b>761</b>	<b>4,644</b>	<b>145</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	4	<b>2,351,818</b>	<b>1,957,235</b>	<b>1,185,409</b>	<b>1,079,632</b>	<b>500,920</b>	<b>393,630</b>	<b>256,506</b>	<b>174,197</b>
<b>Represented by:</b>									
<b>Net assets available for benefits</b>	4	<b>2,351,818</b>	<b>1,957,235</b>	<b>1,185,409</b>	<b>1,079,632</b>	<b>500,920</b>	<b>393,630</b>	<b>256,506</b>	<b>174,197</b>

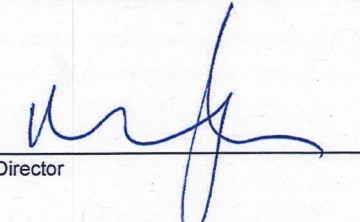
The accompanying notes form part of and should be read in conjunction with these statements.

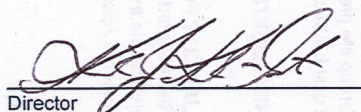
**MERCER KIWISAVER SCHEME**  
**Statements of Net Assets**  
**As at 31 March 2021**

	Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
		2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>ASSETS</b>									
Cash and cash equivalents		139	2,039	1,356	309	1,823	685	417	231
Financial assets at fair value through profit or loss	5	27,665	34,167	179,333	140,719	161,977	106,432	41,665	24,639
Portfolio investment entity tax receivable		-	-	-	-	-	799	-	339
Investment management fees receivable	6	-	2	-	-	-	-	-	-
Other receivables		-	-	-	341	-	-	-	-
<b>Total Assets</b>		<b>27,804</b>	<b>36,208</b>	<b>180,689</b>	<b>141,369</b>	<b>163,800</b>	<b>107,916</b>	<b>42,082</b>	<b>25,209</b>
<b>LIABILITIES</b>									
Unallocated contributions		7	11	68	58	75	59	17	10
Benefits payable		123	357	172	248	45	37	-	1
Investment management fees payable	6	-	-	1	2	1	4	1	2
Supervisor fees payable	6	-	-	2	2	2	1	-	-
Portfolio investment entity tax payable		15	60	1,631	43	2,517	-	697	-
Administration fees payable	6	2	3	9	15	6	10	1	3
<b>Total Liabilities (excluding net assets attributable to members)</b>		<b>147</b>	<b>431</b>	<b>1,883</b>	<b>368</b>	<b>2,646</b>	<b>111</b>	<b>716</b>	<b>16</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	4	<b>27,657</b>	<b>35,777</b>	<b>178,806</b>	<b>141,001</b>	<b>161,154</b>	<b>107,805</b>	<b>41,366</b>	<b>25,193</b>
Represented by:									
Net assets available for benefits	4	27,657	35,777	178,806	141,001	161,154	107,805	41,366	25,193

These Financial Statements were authorised for issue by Mercer (N.Z.) Limited, the Manager on 27 July 2021.

For and on behalf of the Directors

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

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

**MERCER KIWISAVER SCHEME**  
**Statements of Changes in Net Assets**  
**For the year ended 31 March 2021**

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>INCOME</b>									
Interest income		31	137	16	76	7	28	3	12
Net gains/(losses) on financial assets at fair value through profit or loss	6	287,125	(23,512)	81,358	17,088	81,752	(14,292)	61,789	(14,644)
Other income		16	-	1	-	-	-	-	-
<b>Total Income</b>		<b>287,172</b>	<b>(23,375)</b>	<b>81,375</b>	<b>17,164</b>	<b>81,759</b>	<b>(14,264)</b>	<b>61,792</b>	<b>(14,632)</b>
<b>EXPENSES</b>									
Investment management fees	6	644	2,096	615	1,976	2	48	(1)	34
Supervisor fees	6	316	302	167	167	65	62	31	29
Other expenses		8	6	3	2	1	1	1	-
<b>Total Expenses</b>		<b>968</b>	<b>2,404</b>	<b>785</b>	<b>2,145</b>	<b>68</b>	<b>111</b>	<b>31</b>	<b>63</b>
<b>NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES</b>		<b>286,204</b>	<b>(25,779)</b>	<b>80,590</b>	<b>15,019</b>	<b>81,691</b>	<b>(14,375)</b>	<b>61,761</b>	<b>(14,695)</b>
<b>MEMBERSHIP ACTIVITIES:</b>									
<b>Contributions / Transfers In</b>									
Member contributions		178,693	161,438	103,503	91,877	31,495	31,032	15,607	14,066
Employer contributions		86,798	75,632	54,139	48,316	13,402	11,832	6,966	5,808
Tax credits		24,405	24,650	16,442	17,173	3,213	3,214	1,629	1,580
Transfers in from other schemes	8	8,666	9,235	6,114	4,874	686	1,341	1,114	862
Transfers (from)/to funds		-	-	(56,962)	(72,284)	10,517	10,987	15,871	5,996
<b>Total Contributions/Transfers In</b>		<b>298,562</b>	<b>270,955</b>	<b>123,236</b>	<b>89,956</b>	<b>59,313</b>	<b>58,406</b>	<b>41,187</b>	<b>28,312</b>
<b>Benefits/Transfers Out/Membership Expenses/Tax</b>									
Benefits	7	(72,147)	(66,320)	(43,188)	(39,622)	(9,796)	(11,610)	(4,168)	(3,164)
Transfers out to other schemes		(92,639)	(120,369)	(46,428)	(69,432)	(16,737)	(22,800)	(11,937)	(11,373)
Administration fees	6	(2,265)	(2,484)	(1,695)	(1,911)	(241)	(256)	(112)	(116)
Portfolio investment entity taxation (expense)/rebate		(23,132)	1,049	(6,738)	(2,781)	(6,940)	1,096	(4,422)	1,757
<b>Total Benefits/Transfers Out/Membership Expenses/Tax</b>		<b>(190,183)</b>	<b>(188,124)</b>	<b>(98,049)</b>	<b>(113,746)</b>	<b>(33,714)</b>	<b>(33,570)</b>	<b>(20,639)</b>	<b>(12,896)</b>
<b>Total transactions with members in their capacity as members</b>		<b>108,379</b>	<b>82,831</b>	<b>25,187</b>	<b>(23,790)</b>	<b>25,599</b>	<b>24,836</b>	<b>20,548</b>	<b>15,416</b>
<b>NET INCREASE/(DECREASE) IN NET ASSETS DURING THE YEAR</b>		<b>394,583</b>	<b>57,052</b>	<b>105,777</b>	<b>(8,771)</b>	<b>107,290</b>	<b>10,461</b>	<b>82,309</b>	<b>721</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>1,957,235</b>	<b>1,900,183</b>	<b>1,079,632</b>	<b>1,088,403</b>	<b>393,630</b>	<b>383,169</b>	<b>174,197</b>	<b>173,476</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>		<b>2,351,818</b>	<b>1,957,235</b>	<b>1,185,409</b>	<b>1,079,632</b>	<b>500,920</b>	<b>393,630</b>	<b>256,506</b>	<b>174,197</b>

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

**MERCER KIWISAVER SCHEME**  
**Statements of Changes in Net Assets**  
**For the year ended 31 March 2021**

	Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
		2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>INCOME</b>									
Interest income		-	2	2	10	2	7	1	2
Net gains/(losses) on financial assets at fair value through profit or loss	6	90	287	18,945	(1,944)	32,343	(7,609)	10,848	(2,398)
Other income		2	-	-	-	-	-	13	-
<b>Total Income</b>		<b>92</b>	<b>289</b>	<b>18,947</b>	<b>(1,934)</b>	<b>32,345</b>	<b>(7,602)</b>	<b>10,862</b>	<b>(2,396)</b>
<b>EXPENSES</b>									
Investment management fees	6	1	2	12	15	12	16	3	5
Supervisor fees	6	5	3	23	20	20	17	5	4
Other expenses		-	-	3	3	-	-	-	-
<b>Total Expenses</b>		<b>6</b>	<b>5</b>	<b>38</b>	<b>38</b>	<b>32</b>	<b>33</b>	<b>8</b>	<b>9</b>
<b>NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES</b>		<b>86</b>	<b>284</b>	<b>18,909</b>	<b>(1,972)</b>	<b>32,313</b>	<b>(7,635)</b>	<b>10,854</b>	<b>(2,405)</b>
<b>MEMBERSHIP ACTIVITIES:</b>									
<b>Contributions / Transfers In</b>									
Member contributions		1,926	965	12,954	12,304	10,663	9,118	2,545	2,076
Employer contributions		840	460	5,224	4,168	4,901	4,047	1,326	1,001
Tax credits		238	156	1,511	1,275	1,107	1,003	265	249
Transfers in from other schemes	8	3	409	198	336	379	1,191	172	222
Transfers (from)/to funds		(1,885)	21,356	11,819	18,404	15,542	13,131	5,098	2,410
<b>Total Contributions/Transfers In</b>		<b>1,122</b>	<b>23,346</b>	<b>31,706</b>	<b>36,487</b>	<b>32,592</b>	<b>28,490</b>	<b>9,406</b>	<b>5,958</b>
<b>Benefits/Transfers Out/Membership Expenses/Tax</b>									
Benefits	7	(7,991)	(4,943)	(4,660)	(4,675)	(1,756)	(1,847)	(588)	(459)
Transfers out to other schemes		(1,289)	(1,045)	(6,338)	(7,317)	(7,144)	(6,928)	(2,766)	(1,474)
Administration fees	6	(21)	(17)	(106)	(100)	(72)	(67)	(18)	(17)
Portfolio investment entity taxation (expense)/rebate		(27)	(66)	(1,706)	(70)	(2,584)	778	(715)	335
<b>Total Benefits/Transfers Out/Membership Expenses/Tax</b>		<b>(9,328)</b>	<b>(6,071)</b>	<b>(12,810)</b>	<b>(12,162)</b>	<b>(11,556)</b>	<b>(8,064)</b>	<b>(4,087)</b>	<b>(1,615)</b>
<b>Total transactions with members in their capacity as members</b>		<b>(8,206)</b>	<b>17,275</b>	<b>18,896</b>	<b>24,325</b>	<b>21,036</b>	<b>20,426</b>	<b>5,319</b>	<b>4,343</b>
<b>NET INCREASE/(DECREASE) IN NET ASSETS DURING THE YEAR</b>		<b>(8,120)</b>	<b>17,559</b>	<b>37,805</b>	<b>22,353</b>	<b>53,349</b>	<b>12,791</b>	<b>16,173</b>	<b>1,938</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>35,777</b>	<b>18,218</b>	<b>141,001</b>	<b>118,648</b>	<b>107,805</b>	<b>95,014</b>	<b>25,193</b>	<b>23,255</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>		<b>27,657</b>	<b>35,777</b>	<b>178,806</b>	<b>141,001</b>	<b>161,154</b>	<b>107,805</b>	<b>41,366</b>	<b>25,193</b>

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

**MERCER KIWISAVER SCHEME**  
**Statements of Cash Flows**  
**For the year ended 31 March 2021**

	Note	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
		2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Proceeds from sale of financial assets		39,968	64,933	55,207	91,782	1,977	10,295	892	5,758
Interest income		31	137	16	76	7	28	3	12
Other income		16	-	1	-	-	-	-	-
Payments for purchase of financial assets		(168,782)	(129,169)	(84,928)	(57,031)	(32,711)	(33,267)	(27,135)	(18,474)
Fees and other expenses paid		(1,097)	(2,449)	(889)	(2,212)	(80)	(102)	(42)	(54)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	9	<b>(129,864)</b>	<b>(66,548)</b>	<b>(30,593)</b>	<b>32,615</b>	<b>(30,807)</b>	<b>(23,046)</b>	<b>(26,282)</b>	<b>(12,758)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Member contributions		178,693	161,438	103,503	91,877	31,495	31,032	15,607	14,066
Employer contributions		86,798	75,632	54,139	48,316	13,402	11,832	6,966	5,808
Tax credits		24,405	24,650	16,442	17,173	3,213	3,214	1,629	1,580
Transfers in from other schemes		8,666	9,235	6,114	4,874	686	1,341	1,114	862
Transfers (from)/to funds		-	-	(56,962)	(72,284)	10,517	10,987	15,871	5,996
Portfolio investment entity taxation		442	(12,558)	(3,066)	(7,759)	962	(2,536)	1,683	(746)
Unallocated contributions		318	19	132	202	60	(33)	97	-
Benefits paid		(72,837)	(65,636)	(43,551)	(39,444)	(9,925)	(11,454)	(4,063)	(3,246)
Transfers out to other schemes		(92,639)	(120,369)	(46,428)	(69,432)	(16,737)	(22,800)	(11,937)	(11,373)
Administration fees		(2,452)	(2,337)	(1,842)	(1,804)	(260)	(239)	(120)	(109)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>131,394</b>	<b>70,074</b>	<b>28,481</b>	<b>(28,281)</b>	<b>33,413</b>	<b>21,344</b>	<b>26,847</b>	<b>12,838</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,530</b>	<b>3,526</b>	<b>(2,112)</b>	<b>4,334</b>	<b>2,606</b>	<b>(1,702)</b>	<b>565</b>	<b>80</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>									
		<b>13,008</b>	<b>9,482</b>	<b>7,247</b>	<b>2,913</b>	<b>1,280</b>	<b>2,982</b>	<b>1,217</b>	<b>1,137</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>									
		<b>14,538</b>	<b>13,008</b>	<b>5,135</b>	<b>7,247</b>	<b>3,886</b>	<b>1,280</b>	<b>1,782</b>	<b>1,217</b>

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



**MERCER KIWISAVER SCHEME**  
**Statements of Cash Flows**  
**For the year ended 31 March 2021**

	Note	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
		2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Proceeds from sale of financial assets		14,853	4,766	1,089	4,171	-	1,846	1,924	3,354
Interest income		-	2	2	10	2	7	1	2
Other income		2	-	-	-	-	-	13	-
Payments for purchase of financial assets		(8,261)	(20,468)	(20,417)	(28,390)	(23,202)	(21,344)	(8,102)	(7,234)
Fees and other expenses paid		(4)	(8)	(39)	(36)	(34)	(30)	(9)	(7)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	9	<b>6,590</b>	<b>(15,708)</b>	<b>(19,365)</b>	<b>(24,245)</b>	<b>(23,234)</b>	<b>(19,521)</b>	<b>(6,173)</b>	<b>(3,885)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Member contributions		1,926	965	12,954	12,304	10,663	9,118	2,545	2,076
Employer contributions		840	460	5,224	4,168	4,901	4,047	1,326	1,001
Tax credits		238	156	1,511	1,275	1,107	1,003	265	249
Transfers in from other schemes		3	409	198	336	379	1,191	172	222
Transfers (from)/to funds		(1,885)	21,356	11,819	18,404	15,542	13,131	5,098	2,410
Portfolio investment entity taxation		(72)	(83)	(118)	(832)	732	(539)	321	(63)
Unallocated contributions		(4)	6	10	(172)	16	14	7	2
Benefits paid		(8,225)	(4,655)	(4,736)	(4,490)	(1,748)	(1,857)	(589)	(490)
Transfers out to other schemes		(1,289)	(1,045)	(6,338)	(7,317)	(7,144)	(6,928)	(2,766)	(1,474)
Administration fees		(22)	(16)	(112)	(92)	(76)	(62)	(20)	(15)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(8,490)</b>	<b>17,553</b>	<b>20,412</b>	<b>23,584</b>	<b>24,372</b>	<b>19,118</b>	<b>6,359</b>	<b>3,918</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,900)</b>	<b>1,845</b>	<b>1,047</b>	<b>(661)</b>	<b>1,138</b>	<b>(403)</b>	<b>186</b>	<b>33</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>2,039</b>	<b>194</b>	<b>309</b>	<b>970</b>	<b>685</b>	<b>1,088</b>	<b>231</b>	<b>198</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>139</b>	<b>2,039</b>	<b>1,356</b>	<b>309</b>	<b>1,823</b>	<b>685</b>	<b>417</b>	<b>231</b>

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

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**1 SCHEME DESCRIPTION**

The Mercer KiwiSaver scheme ("the Scheme") is a KiwiSaver scheme registered under the KiwiSaver Act 2006 and has been specified as a default KiwiSaver scheme under that Act. The Scheme was established on 30 March 2007 in Auckland. The Scheme commenced accepting members on 1 October 2007. The Scheme is a defined contribution superannuation scheme and was established with the principal purpose of providing retirement benefits to members. The legal document governing the Scheme is the Trust Deed dated 10 September 2015.

Details of membership during the year were:

	2021	2020
Opening Membership at 1 April	92,863	93,098
New Members	5,903	7,286
Exited Members	(5,877)	(7,521)
<b>Closing Membership at 31 March</b>	<b>92,889</b>	<b>92,863</b>

These financial statements are for the Scheme which comprises the following funds (together "the Funds"): Mercer Conservative, Mercer Balanced, Mercer High Growth, Mercer Cash, Mercer Moderate, Mercer Growth and Mercer Shares.

The Funds invested in the following investment portfolios within Mercer Investment Trusts New Zealand ("MITNZ"). During the year new investment portfolios were established within the Mercer Trans-Tasman Shares Trust, Mercer Unhedged Overseas Shares Trust, Mercer Hedged Overseas Shares Trust, and Mercer Overseas Fixed Interest Trust.

**Mercer Investment Trusts New Zealand**

**Investment Portfolio**

Mercer Trans-Tasman Shares Trust

- Mercer Trans-Tasman Shares Portfolio
- Mercer NZ Shares Index Portfolio

Mercer Unhedged Overseas Shares Trust

- Mercer Overseas Shares Portfolio
- Mercer Overseas Shares Plus Portfolio
- Mercer Overseas Low Volatility Shares Portfolio
- Mercer Socially Responsible Hedged Overseas Shares Index Portfolio
- Mercer Socially Responsible Overseas Shares Index Portfolio
- Mercer Socially Responsible Overseas Shares Portfolio

Mercer Hedged Overseas Shares Trust

- Mercer Hedged Overseas Shares Portfolio
- Mercer Hedged Overseas Shares Plus Portfolio
- Mercer Socially Responsible Hedged Overseas Shares Portfolio

Mercer Trans-Tasman Property Trust

- Mercer Unlisted Property Portfolio

Mercer Property and Infrastructure Trust

- Mercer Listed Property Portfolio
- Mercer Listed Infrastructure Portfolio

Mercer Infrastructure Trust

- Mercer Unlisted Infrastructure Portfolio

Mercer New Zealand Cash and Fixed Interest Trust

- Mercer Cash Portfolio
- Mercer New Zealand Sovereign Bond Portfolio

Mercer Overseas Fixed Interest Trust

- Mercer Overseas Sovereign Bond Portfolio
- Mercer Global Credit Portfolio
- Mercer Global Absolute Return Bond Portfolio
- Mercer Socially Responsible Global Credit Portfolio
- Mercer Overseas Sovereign Bond Index Portfolio

Mercer Commodities Trust

- Mercer Natural Resources Portfolio

Mercer Diversified Trust

- 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 2021**

**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 11, PwC Tower, 15 Customs Street West, Auckland City, Auckland 1010.

BNP Paribas Fund Services Australasia Pty Ltd ("BNP Paribas") is the custodian of the Scheme's financial assets at fair value through profit or loss.

Trustees Executors Limited is the custodian of the Scheme's cash and cash equivalents.

**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 2020 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 financial position reported for the Scheme is an aggregation of the result, financial 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 Mercer (N.Z.) Limited, the Manager on 27 July 2021.

**Measurement Base**

The measurement base adopted is that of historical cost modified by the revaluation of financial assets at fair value through profit or loss. The financial statements have been prepared on a going concern basis.

**Functional and Presentation Currency**

The financial statements are presented in New Zealand dollars (the "presentation currency") 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.

**Assumptions, Estimates and Judgements**

The preparation of the financial statements in conformity with NZ IFRS and 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.

On 11 March 2020, the World Health Organisation ("WHO") declared a global pandemic as a result of the outbreak and spread of COVID-19. Subsequent to this, the New Zealand Government imposed a series of measures aimed to reduce and eliminate the spread of the virus in New Zealand, including lockdowns of varying restriction levels, areas and timeframes. Management has continually monitored both local and international developments, and has implemented its Business Continuity framework to mitigate business disruption as required. Management has evaluated the impact of COVID-19 on the valuation of financial instruments at 31 March 2021 and 31 March 2020 and has concluded that an adjustment was not required on the basis that markets were functioning and the redemption price for the financial assets at fair value through profit or loss represented fair value. Management has monitored the liquidity requirements of the Scheme and concluded that there is sufficient liquidity to meet liabilities when due under current conditions. The adoption of the going concern assumption remains appropriate.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**2 BASIS OF PREPARATION (Continued)**

**Assumptions, Estimates and Judgements (Continued)**

At 31 March 2021, cash and cash equivalents included an amount of \$2,041,000 maintained at the total Scheme level for the settlement of transactions (2020: \$1,969,000). The Manager has estimated the allocation of this cash balance to the Funds. At 31 March 2021, the amounts allocated to Mercer Conservative, Mercer Balanced, Mercer High Growth, Mercer Cash, Mercer Moderate, Mercer Growth and Mercer Shares were \$1,140,000, \$126,000, \$299,000, \$66,000, \$353,000, \$70,000 and (\$13,000), respectively. (2020: \$104,000, (\$33,000), \$217,000, \$1,770,000, (\$141,000), (\$24,000) and \$76,000, respectively).

**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; and
- (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 2021, employer contribution rates are either 3% or greater (2020: 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 have been applied consistently to all years presented, unless otherwise stated.

(i) **Income**

*Interest income*

Interest income as recognised in the Statements of Changes in Net Assets is derived from cash and cash equivalents 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 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 and/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 2021**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(ii) Financial Instruments**

*Classification*

Financial instruments comprise investments in unlisted unit trusts including ununitised investments.

Investments in unlisted unit trusts including ununitised investments 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. The Scheme has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

Based on the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets, the Manager has determined that all financial assets of the Scheme are classified as fair value through profit or loss with the exception of cash and cash equivalents, investment management fees receivable and other receivables, which are classified as financial assets at amortised cost.

Financial liabilities at amortised cost comprise investment management fees payable, supervisor fees payable, benefits payable, unallocated contributions, administration fees payable and net assets attributable to members.

*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.

Ununitised investments comprise of investments in unlisted unit trusts purchased before year end, however, units are received after year end.

Financial assets are derecognised when the rights to receive cash flows from the investment have expired or the Scheme has transferred substantially all risks and rewards of ownership.

*Measurement*

Financial assets 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 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 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.

Financial assets and liabilities at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or liability and subsequently measured at amortised cost.

*Fair value estimation*

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Scheme is the current bid price. The Manager has determined that bid price is the most appropriate measure for fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

The manager may make adjustments to the reported redemption price of the Funds based on considerations such as the liquidity of the fund or its underlying investments, the value date of the net asset value provided, and any restrictions on redemptions.

**(iii) Expenses**

Expenses comprise investment management fees, Supervisor fees and other expenses. All expenses are accounted for on an accrual basis. Administration fees are charged monthly per member via unit deduction and are recognised in Membership Activities in the Statements of Changes in Net Assets.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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/(rebate) 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) Net Assets Attributable to Members**

The net assets attributable to members represent 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 attached 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.

**(vi) 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.

**(vii) 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.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(viii) 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.

**(ix) 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 conditions 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.

**(x) 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.

**(xi) Application of Accounting Standards**

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

Effective from 30 September 2020, 'Amendments to FRS-44 New Zealand Additional Disclosures' has been adopted in preparation of the Scheme's financial statements this year. FRS-44 addresses the Going Concern disclosures and requires management to perform an assessment of an entity's ability to continue as a going concern. Based on Management's assessment, there are no material uncertainties related to events or conditions that may cast significant doubt upon the Scheme's ability to continue as a going concern. Therefore, the adoption of the standard did not have a material impact on the financial results, financial position or disclosures.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2020 that have a material effect on the financial statements of the Scheme.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

**(xii) Presentation of financial statements**

The assets and liabilities in the financial statements have been presented in order of their liquidity. Other than the financial assets disclosed in note 5 which have redemption restrictions, all assets and liabilities either have a maturity of less than a year or have no fixed maturity and are therefore considered current assets/liabilities (2020: Same).

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**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	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Member accounts - vested benefits	2,351,147	1,956,690	1,184,543	1,078,810	501,034	393,767	256,531	174,283
Adjustments arising from valuation differences	671	545	866	822	(114)	(137)	(25)	(86)
<b>Net Assets Attributable to Members</b>	<b>2,351,818</b>	<b>1,957,235</b>	<b>1,185,409</b>	<b>1,079,632</b>	<b>500,920</b>	<b>393,630</b>	<b>256,506</b>	<b>174,197</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Member accounts - vested benefits	27,624	35,730	178,829	141,012	161,185	107,863	41,401	25,225
Adjustments arising from valuation differences	33	47	(23)	(11)	(31)	(58)	(35)	(32)
<b>Net Assets Attributable to Members</b>	<b>27,657</b>	<b>35,777</b>	<b>178,806</b>	<b>141,001</b>	<b>161,154</b>	<b>107,805</b>	<b>41,366</b>	<b>25,193</b>

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, this results in timing differences in the settlement of certain accrued items and the impact thereof on unit pricing. 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 2021**

**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The Scheme held investments in the following MITNZ investment portfolios and ununitised investments:

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Financial assets at fair value through profit or loss</b>								
Mercer Balanced Portfolio	504,424	391,938	-	-	504,424	391,938	-	-
Mercer Global Absolute Return Bond Portfolio	-	53,935	-	53,935	-	-	-	-
Mercer Global Credit Portfolio	-	146,636	-	146,636	-	-	-	-
Mercer Growth Portfolio	161,977	106,432	-	-	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	41,926	-	41,926	-	-	-	-
Mercer Cash Portfolio	402,674	375,153	375,009	340,986	-	-	-	-
Mercer Listed Infrastructure Portfolio	-	7,705	-	7,705	-	-	-	-
Mercer Listed Property Portfolio	-	7,668	-	7,668	-	-	-	-
Mercer High Growth Portfolio	259,366	171,334	-	-	-	-	259,366	171,334
Mercer Moderate Portfolio	179,333	140,719	-	-	-	-	-	-
Mercer Natural Resources Portfolio	-	4,419	-	4,419	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	174,417	163,994	174,417	163,994	-	-	-	-
Mercer NZ Shares Index Portfolio	52,976	-	52,976	-	-	-	-	-
Mercer Hedged Overseas Shares Portfolio	-	13,781	-	13,781	-	-	-	-
Mercer Overseas Low Volatility Shares Portfolio	-	23,456	-	23,456	-	-	-	-
Mercer Overseas Sovereign Bond Index Portfolio	182,572	-	182,572	-	-	-	-	-
Mercer Overseas Sovereign Bond Portfolio	-	170,425	-	170,425	-	-	-	-
Mercer Overseas Shares Portfolio	-	10,218	-	10,218	-	-	-	-
Mercer Overseas Shares Plus Portfolio	-	28,021	-	28,021	-	-	-	-
Mercer Shares Portfolio	41,665	24,255	-	-	-	-	-	-
Mercer Socially Responsible Global Credit Portfolio	208,981	-	208,981	-	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	47,938	-	47,938	-	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	48,283	-	48,283	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Index Portfolio	49,583	-	49,583	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	48,822	-	48,822	-	-	-	-	-
Mercer Trans-Tasman Shares Portfolio	-	39,702	-	39,702	-	-	-	-
Mercer Unlisted Infrastructure Portfolio*	-	13,011	-	13,011	-	-	-	-
Mercer Unlisted Property Portfolio*	-	11,619	-	11,619	-	-	-	-
Ununitised investments	-	384	-	-	-	-	-	-
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>2,363,011</b>	<b>1,946,731</b>	<b>1,188,581</b>	<b>1,077,502</b>	<b>504,424</b>	<b>391,938</b>	<b>259,366</b>	<b>171,334</b>

\* Unit holders are required to give the Manager a minimum of notice of 2 and 5 years of their intention to redeem for investments in Mercer Unlisted Property Portfolio and the Mercer Unlisted Infrastructure Portfolio, respectively. The fair value applied to these portfolios is based on unit prices at reporting date. Any additional illiquidity is not considered to have a material effect on the fair value.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

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

The Scheme held investments in the following MITNZ investment portfolios and ununitised investments:

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Financial assets at fair value through profit or loss</b>								
Mercer Growth Portfolio	-	-	-	-	161,977	106,432	-	-
Mercer Cash Portfolio	27,665	34,167	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	179,333	140,719	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	41,665	24,255
Ununitised investments	-	-	-	-	-	-	-	384
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>27,665</b>	<b>34,167</b>	<b>179,333</b>	<b>140,719</b>	<b>161,977</b>	<b>106,432</b>	<b>41,665</b>	<b>24,639</b>

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	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Financial assets at fair value through profit or loss</b>								
Mercer Balanced Portfolio	504,424	391,938	-	-	504,424	391,938	-	-
Mercer Global Absolute Return Bond Portfolio	-	-	-	53,935	-	-	-	-
Mercer Global Credit Portfolio	-	146,636	-	146,636	-	-	-	-
Mercer Growth Portfolio	161,977	106,432	-	-	-	-	-	-
Mercer Cash Portfolio	402,674	375,153	375,009	340,986	-	-	-	-
Mercer High Growth Portfolio	259,366	171,334	-	-	-	-	259,366	171,334
Mercer Moderate Portfolio	179,333	140,719	-	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	174,417	163,994	174,417	163,994	-	-	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	-	-	-	-	-	-	-
Mercer Overseas Sovereign Bond Index Portfolio	182,572	-	182,572	-	-	-	-	-
Mercer Overseas Sovereign Bond Portfolio	-	170,425	-	170,425	-	-	-	-
Mercer Socially Responsible Global Credit Portfolio	208,981	-	208,981	-	-	-	-	-
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>2,073,744</b>	<b>1,666,631</b>	<b>940,979</b>	<b>875,976</b>	<b>504,424</b>	<b>391,938</b>	<b>259,366</b>	<b>171,334</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Financial assets at fair value through profit or loss</b>								
Mercer Growth Portfolio	-	-	-	-	161,977	106,432	-	-
Mercer Cash Portfolio	27,665	34,167	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	179,333	140,719	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	41,665	24,255
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>27,665</b>	<b>34,167</b>	<b>179,333</b>	<b>140,719</b>	<b>161,977</b>	<b>106,432</b>	<b>41,665</b>	<b>24,255</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**5 FINANCIAL ASSETS 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 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 (2020: Same). During the year there were no transfers between levels in the fair value hierarchy (2020: 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 fees, 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 through the unit price for net asset based fees. In 2021 and 2020, Fund charges consisted of In Fund costs, expense reimbursement to the Manager for Scheme expenses paid by the Manager, investment management fees and supervisor fees. For the 2021 and 2020 years, the supervisor fee had a maximum potential rate of 0.03% of net assets per annum. The custodian fee was 0.005%. The investment management fee for the Cash Fund and Conservative Fund was reduced from 0.32% to 0.28% and 0.50% to 0.42% respectively, effective 31 August 2020. There were no other changes in the period. The rates as at 31 March 2021 are disclosed below:

<b>Fund</b>	<b>Investment management fee % p.a.</b>
Mercer Conservative	0.42%
Mercer Balanced	0.68%
Mercer High Growth	0.82%
Mercer Cash	0.28%
Mercer Moderate	0.59%
Mercer Growth	0.77%
Mercer Shares	0.90%

Up to 1 October 2019, an administration fee of \$2.50 was charged per member, per month. From 1 October 2019, the fee was reduced to \$2.25, with members with balances of less than \$1,000 and members aged 17 years or less waived of this fee. Members who are Mercer and Marsh employees and their families and friends are also entitled to a waiver of this fee.

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 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.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**6 RELATED PARTIES (Continued)**

Details of the Scheme's related party expenses including investment management fees charged through the unit price are disclosed below:

	<b>TOTAL</b>		<b>Mercer Conservative</b>		<b>Mercer Balanced</b>		<b>Mercer High Growth</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Investment management fees</b>								
Investment management fees to Mercer, other related and third party investment managers via MITNZ unit price	12,091	9,928	4,744	3,651	3,110	2,787	1,818	1,563
Investment management fees to Mercer	644	2,096	615	1,976	2	48	(1)	34
<b>Total investment management fees</b>	<b>12,735</b>	<b>12,024</b>	<b>5,359</b>	<b>5,627</b>	<b>3,112</b>	<b>2,835</b>	<b>1,817</b>	<b>1,597</b>
<b>Administration fees</b>								
Administration fees to Mercer	2,265	2,484	1,695	1,911	241	256	112	116
<b>Supervisor fees</b>								
Supervisor fees to Trustees Executors Limited	316	302	167	167	65	62	31	29
<b>Total</b>	<b>15,316</b>	<b>14,810</b>	<b>7,221</b>	<b>7,705</b>	<b>3,418</b>	<b>3,153</b>	<b>1,960</b>	<b>1,742</b>

	<b>Mercer Cash</b>		<b>Mercer Moderate</b>		<b>Mercer Growth</b>		<b>Mercer Shares</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Investment management fees</b>								
Investment management fees to Mercer, other related and third party investment managers via MITNZ unit price	95	58	955	787	1,060	843	309	239
Investment management fees to Mercer	1	2	12	15	12	16	3	5
<b>Total investment management fees</b>	<b>96</b>	<b>60</b>	<b>967</b>	<b>802</b>	<b>1,072</b>	<b>859</b>	<b>312</b>	<b>244</b>
<b>Administration fees</b>								
Administration fee expenses to Mercer	21	17	106	100	72	67	18	17
<b>Supervisor fees</b>								
Supervisor fee expenses to Trustees Executors Limited	5	3	23	20	20	17	5	4
<b>Total</b>	<b>122</b>	<b>80</b>	<b>1,096</b>	<b>922</b>	<b>1,164</b>	<b>943</b>	<b>335</b>	<b>265</b>

Outstanding balances due to related parties are not interest bearing.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**6 RELATED PARTIES (Continued)**

Amounts payable/(receivable) to Mercer and the Supervisor as at 31 March are as follows:

Fund	Investment management fees		Supervisor fees		Administration fees	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Mercer Conservative	17	122	15	14	141	288
Mercer Balanced	(2)	11	6	5	20	39
Mercer High Growth	(2)	10	3	2	9	17
Mercer Cash	-	(2)	-	-	2	3
Mercer Moderate	1	2	2	2	9	15
Mercer Growth	1	4	2	1	6	10
Mercer Shares	1	2	-	-	1	3
<b>Total</b>	<b>16</b>	<b>149</b>	<b>28</b>	<b>24</b>	<b>188</b>	<b>375</b>

**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 related parties of Mercer KiwiSaver Scheme are current members of the Scheme (2020: Same). Contributions and Partial Withdrawals made by directors and other related parties during the year were as follows:

Fund	Opening Balance		Contributions		Partial Withdrawals		Closing Balance	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Mercer Conservative	-	79,926	-	2,595	-	(6,152)	-	-
Mercer Balanced	31,331	29,727	3,048	2,614	-	-	40,345	31,331
Mercer High Growth	33,284	60,896	3,048	6,507	-	(2,175)	46,970	33,284
Mercer Growth	669,341	745,598	71,028	41,554	-	(6,057)	916,891	669,341
Mercer Shares	-	72,440	-	2,595	-	(5,616)	-	-
<b>Total</b>	<b>733,956</b>	<b>988,587</b>	<b>77,124</b>	<b>55,865</b>	<b>-</b>	<b>(20,000)</b>	<b>1,004,206</b>	<b>733,956</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**6 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

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

Scheme Total	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Mercer Balanced Portfolio	391,938	383,258	32,711	33,267	(1,977)	(10,295)	81,752	(14,292)	504,424	391,938
Mercer Global Absolute Return Bond Portfolio	53,935	16,048	4,704	41,000	(61,403)	(2,000)	2,764	(1,113)	-	53,935
Mercer Global Credit Portfolio	146,636	138,378	9,000	18,847	(171,579)	(12,710)	15,943	2,121	-	146,636
Mercer Growth Portfolio	106,432	94,543	23,202	21,344	-	(1,846)	32,343	(7,609)	161,977	106,432
Mercer Hedged Overseas Shares Plus Portfolio	41,926	54,823	3,520	15,100	(59,631)	(20,734)	14,185	(7,263)	-	41,926
Mercer Cash Portfolio	375,153	399,756	44,020	37,016	(17,561)	(67,678)	1,062	6,059	402,674	375,153
Mercer Listed Infrastructure Portfolio	7,705	4,461	1,800	5,622	(10,313)	(1,500)	808	(878)	-	7,705
Mercer Listed Property Portfolio	7,668	6,178	2,000	5,000	(11,510)	(2,000)	1,842	(1,510)	-	7,668
Mercer High Growth Portfolio	171,334	173,262	27,135	18,474	(892)	(5,758)	61,789	(14,644)	259,366	171,334
Mercer Moderate Portfolio	140,719	118,785	20,417	28,390	(748)	(4,512)	18,945	(1,944)	179,333	140,719
Mercer Natural Resources Portfolio	4,419	3,346	1,000	2,296	(5,991)	(800)	572	(423)	-	4,419
Mercer New Zealand Sovereign Bond Portfolio	163,994	153,601	17,350	10,364	(7,264)	(7,663)	337	7,692	174,417	163,994
Mercer NZ Shares Index Portfolio	-	-	56,476	-	(5,202)	-	1,702	-	52,976	-
Mercer Hedged Overseas Shares Portfolio	13,781	18,968	1,000	500	(19,045)	(3,047)	4,264	(2,640)	-	13,781
Mercer Overseas Low Volatility Shares Portfolio	23,456	19,340	1,100	5,213	(25,460)	(1,520)	904	423	-	23,456
Mercer Overseas Sovereign Bond Index Portfolio	-	-	189,357	-	(1,186)	-	(5,599)	-	182,572	-
Mercer Overseas Sovereign Bond Portfolio	170,425	170,171	9,611	-	(185,872)	(10,894)	5,836	11,148	-	170,425
Mercer Overseas Shares Portfolio	10,218	14,666	-	2	(11,663)	(5,330)	1,445	880	-	10,218
Mercer Overseas Shares Plus Portfolio	28,021	45,165	1,000	2,013	(34,021)	(20,963)	5,000	1,806	-	28,021
Mercer Shares Portfolio	24,255	23,157	8,486	6,850	(1,924)	(3,354)	10,848	(2,398)	41,665	24,255
Mercer Socially Responsible Global Credit Portfolio	-	-	218,313	-	(2,453)	-	(6,879)	-	208,981	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	49,350	-	(8,383)	-	6,971	-	47,938	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	49,918	-	(8,995)	-	7,360	-	48,283	-
Mercer Socially Responsible Overseas Shares Index Portfolio	-	-	48,586	-	(3,846)	-	4,843	-	49,583	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	48,124	-	(4,662)	-	5,360	-	48,822	-
Mercer Trans-Tasman Shares Portfolio	39,702	40,359	4,100	4,612	(54,604)	(6,407)	10,802	1,138	-	39,702
Mercer Unlisted Infrastructure Portfolio	13,011	14,960	-	1,557	(14,592)	(3,500)	1,581	(6)	-	13,011
Mercer Unlisted Property Portfolio	11,619	13,123	2,209	55	(14,173)	(1,500)	345	(59)	-	11,619
<b>Total</b>	<b>1,946,347</b>	<b>1,906,348</b>	<b>874,489</b>	<b>257,522</b>	<b>(744,950)</b>	<b>(194,011)</b>	<b>287,125</b>	<b>(23,512)</b>	<b>2,363,011</b>	<b>1,946,347</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**6 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

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

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Mercer Conservative</b>										
Mercer Global Absolute Return Bond Portfolio	53,935	16,048	4,704	41,000	(61,403)	(2,000)	2,764	(1,113)	-	53,935
Mercer Global Credit Portfolio	146,636	138,378	9,000	18,847	(171,579)	(12,710)	15,943	2,121	-	146,636
Mercer Hedged Overseas Shares Plus Portfolio	41,926	54,823	3,520	15,100	(59,631)	(20,734)	14,185	(7,263)	-	41,926
Mercer Cash Portfolio	340,986	381,578	56,594	39,443	(23,543)	(85,807)	972	5,772	375,009	340,986
Mercer Listed Infrastructure Portfolio	7,705	4,461	1,800	5,622	(10,313)	(1,500)	808	(878)	-	7,705
Mercer Listed Property Portfolio	7,668	6,178	2,000	5,000	(11,510)	(2,000)	1,842	(1,510)	-	7,668
Mercer Natural Resources Portfolio	4,419	3,346	1,000	2,296	(5,991)	(800)	572	(423)	-	4,419
Mercer New Zealand Sovereign Bond Portfolio	163,994	153,601	17,350	10,364	(7,264)	(7,663)	337	7,692	174,417	163,994
Mercer NZ Shares Index Portfolio	-	-	56,476	-	(5,202)	-	1,702	-	52,976	-
Mercer Hedged Overseas Shares Portfolio	13,781	18,968	1,000	500	(19,045)	(3,047)	4,264	(2,640)	-	13,781
Mercer Overseas Low Volatility Shares Portfolio	23,456	19,340	1,100	5,213	(25,460)	(1,520)	904	423	-	23,456
Mercer Overseas Shares Portfolio	10,218	14,666	-	2	(11,663)	(5,330)	1,445	880	-	10,218
Mercer Overseas Shares Plus Portfolio	28,021	45,165	1,000	2,013	(34,021)	(20,963)	5,000	1,806	-	28,021
Mercer Overseas Sovereign Bond Index Portfolio	-	-	189,357	-	(1,186)	-	(5,599)	-	182,572	-
Mercer Overseas Sovereign Bond Portfolio	170,425	170,171	9,611	-	(185,872)	(10,894)	5,836	11,148	-	170,425
Mercer Socially Responsible Global Credit Portfolio	-	-	218,313	-	(2,453)	-	(6,879)	-	208,981	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	49,350	-	(8,383)	-	6,971	-	47,938	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	49,918	-	(8,995)	-	7,360	-	48,283	-
Mercer Socially Responsible Overseas Shares Index Portfolio	-	-	48,586	-	(3,846)	-	4,843	-	49,583	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	48,124	-	(4,662)	-	5,360	-	48,822	-
Mercer Trans-Tasman Shares Portfolio	39,702	40,359	4,100	4,612	(54,604)	(6,407)	10,802	1,138	-	39,702
Mercer Unlisted Infrastructure Portfolio	13,011	14,960	-	1,557	(14,592)	(3,500)	1,581	(6)	-	13,011
Mercer Unlisted Property Portfolio	11,619	13,123	2,209	55	(14,173)	(1,500)	345	(59)	-	11,619
<b>Total</b>	<b>1,077,502</b>	<b>1,095,165</b>	<b>775,112</b>	<b>151,624</b>	<b>(745,391)</b>	<b>(186,375)</b>	<b>81,358</b>	<b>17,088</b>	<b>1,188,581</b>	<b>1,077,502</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**6 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Mercer Balanced</b>										
Mercer Balanced Portfolio	391,938	383,258	32,711	33,267	(1,977)	(10,295)	81,752	(14,292)	504,424	391,938
<b>Mercer High Growth</b>										
Mercer High Growth Portfolio	171,334	173,262	27,135	18,474	(892)	(5,758)	61,789	(14,644)	259,366	171,334
<b>Mercer Cash</b>										
Mercer Cash Portfolio	34,167	18,178	8,261	20,468	(14,853)	(4,766)	90	287	27,665	34,167
<b>Mercer Moderate</b>										
Mercer Moderate Portfolio	140,719	118,785	20,417	28,390	(748)	(4,512)	18,945	(1,944)	179,333	140,719
<b>Mercer Growth</b>										
Mercer Growth Portfolio	106,432	94,543	23,202	21,344	-	(1,846)	32,343	(7,609)	161,977	106,432
<b>Mercer Shares</b>										
Mercer Shares Portfolio	24,255	23,157	8,486	6,850	(1,924)	(3,354)	10,848	(2,398)	41,665	24,255

As at 31 March 2021, there were no ununitised investments (2020: As at 31 March 2020, there was an a ununitised investment relating to the Mercer Shares Fund of \$383,621).

The purchases and sales between the Funds in the MITNZ portfolios are disclosed below. These transactions have been eliminated at the total Scheme level.

	Purchases		Sales	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Mercer Cash Portfolio	20,835	22,895	(20,835)	(22,895)
<b>Total</b>	<b>20,835</b>	<b>22,895</b>	<b>(20,835)</b>	<b>(22,895)</b>



**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**6 RELATED PARTIES (Continued)**

The non-cash transactions comprising purchases and sales between MITNZ portfolios within Mercer Conservative were:

	Purchases		Sales	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>Mercer Conservative</b>				
Mercer Cash Portfolio	29,791	14,573	(10,417)	(50,320)
Mercer Global Absolute Return Bond Portfolio	-	38,156	(61,000)	-
Mercer Global Credit Portfolio	3,000	15,046	(169,655)	(3,200)
Mercer Hedged Overseas Shares Plus Portfolio	-	8,100	(53,518)	(10,426)
Mercer Hedged Overseas Shares Portfolio	-	500	(18,195)	(2,544)
Mercer Listed Infrastructure Portfolio	-	900	(9,813)	(25)
Mercer Listed Property Portfolio	1,000	2,000	(10,510)	(984)
Mercer Natural Resources Portfolio	-	-	(5,991)	-
Mercer New Zealand Sovereign Bond Portfolio	10,181	5,178	(2,764)	(3,202)
Mercer NZ Shares Index Portfolio	53,743	-	(1,643)	-
Mercer Overseas Low Volatility Shares Portfolio	-	4,213	(25,000)	-
Mercer Overseas Shares Plus Portfolio	977	2,013	(30,977)	(11,591)
Mercer Overseas Shares Portfolio	-	2	(11,430)	(1,330)
Mercer Overseas Sovereign Bond Index Portfolio	185,313	-	(886)	-
Mercer Overseas Sovereign Bond Portfolio	2,568	-	(184,662)	(3,465)
Mercer Socially Responsible Global Credit Portfolio	215,568	-	(890)	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	47,100	-	(3,018)	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	45,578	-	(6,198)	-
Mercer Socially Responsible Overseas Shares Index Portfolio	47,000	-	(248)	-
Mercer Socially Responsible Overseas Shares Portfolio	45,766	-	(1,905)	-
Mercer Trans-Tasman Shares Portfolio	2,600	2,300	(52,700)	(5,006)
Mercer Unlisted Infrastructure Portfolio	-	1,557	(14,592)	(1,500)
Mercer Unlisted Property Portfolio	-	55	(14,173)	(1,000)
<b>Total</b>	<b>690,185</b>	<b>94,593</b>	<b>(690,185)</b>	<b>(94,593)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**6 RELATED PARTIES (Continued)**

The non-cash transactions comprising purchases and sales between MITNZ portfolios at the Scheme level were:

Scheme level	Purchases		Sales	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Mercer Balanced Portfolio	4,534	6,010	-	(7,262)
Mercer Cash Portfolio	-	4,110	(617)	(5,030)
Mercer Global Absolute Return Bond Portfolio	-	24	-	(500)
Mercer Global Credit Portfolio	-	2,745	-	(2,619)
Mercer Growth Portfolio	2,177	2,969	-	(501)
Mercer Hedged Overseas Shares Plus Portfolio	-	1,307	(1,350)	(4,005)
Mercer Hedged Overseas Shares Portfolio	-	-	-	(3)
Mercer High Growth Portfolio	2,910	1,601	-	(3,668)
Mercer Listed Infrastructure Portfolio	-	906	-	(349)
Mercer Listed Property Portfolio	-	-	-	(16)
Mercer Moderate Portfolio	4,110	8,537	-	(1,870)
Mercer New Zealand Sovereign Bond Portfolio	26	2,848	(1,000)	(1,002)
Mercer NZ Shares Index Portfolio	-	-	(1,509)	-
Mercer Overseas Low Volatility Shares Portfolio	-	1,000	-	(1,000)
Mercer Overseas Shares Plus Portfolio	23	-	(665)	(1,639)
Mercer Overseas Shares Portfolio	-	-	-	(500)
Mercer Overseas Sovereign Bond Portfolio	-	-	-	(2,484)
Mercer Shares Portfolio	1,359	1,651	(785)	(1,380)
Mercer Socially Responsible Global Credit Portfolio	-	-	(425)	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	(2,149)	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	(2,370)	-
Mercer Socially Responsible Overseas Shares Index Portfolio	-	-	(2,139)	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	(2,001)	-
Mercer Trans-Tasman Shares Portfolio	-	438	(129)	(318)
<b>Total</b>	<b>15,139</b>	<b>34,146</b>	<b>(15,139)</b>	<b>(34,146)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**7 BENEFITS**

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Retirement	34,076	34,597	20,128	22,259	5,611	5,756	1,918	1,205
Serious ill health	2,037	2,292	1,309	1,053	240	801	75	76
Death or disability	2,625	2,746	51	97	39	-	86	-
Significant financial hardship	3,135	2,105	2,292	1,497	525	397	110	60
First home assistance	26,157	21,697	16,595	13,135	2,995	4,073	1,795	1,627
Permanent emigration to Australia	1,486	563	1,046	284	169	129	80	37
Permanent emigration excluding Australia	1,426	1,534	727	906	176	267	91	99
Other	1,205	786	1,040	391	41	187	13	60
<b>Total</b>	<b>72,147</b>	<b>66,320</b>	<b>43,188</b>	<b>39,622</b>	<b>9,796</b>	<b>11,610</b>	<b>4,168</b>	<b>3,164</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Retirement	2,733	1,455	2,765	3,099	580	624	341	199
Serious ill health	47	42	262	172	104	148	-	-
Death or disability	2,421	2,649	21	-	-	-	7	-
Significant financial hardship	40	18	70	52	94	81	4	-
First home assistance	2,468	685	1,289	1,215	829	763	186	199
Permanent emigration to Australia	23	32	122	71	23	-	23	10
Permanent emigration excluding Australia	202	54	119	34	111	158	-	16
Other	57	8	12	32	15	73	27	35
<b>Total</b>	<b>7,991</b>	<b>4,943</b>	<b>4,660</b>	<b>4,675</b>	<b>1,756</b>	<b>1,847</b>	<b>588</b>	<b>459</b>

**8 TRANSFERS IN FROM OTHER SCHEMES**

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Transfers from other KiwiSaver Schemes	2,828	3,913	2,435	1,934	40	631	247	478
Transfers from other superannuation schemes	2,934	1,861	2,058	1,290	270	106	239	80
Transfers from Trans-Tasman portability	2,904	3,461	1,621	1,650	376	604	628	304
<b>Total</b>	<b>8,666</b>	<b>9,235</b>	<b>6,114</b>	<b>4,874</b>	<b>686</b>	<b>1,341</b>	<b>1,114</b>	<b>862</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Transfers from other KiwiSaver Schemes	-	332	9	97	25	284	72	157
Transfers from other superannuation schemes	-	-	74	131	193	242	100	12
Transfers from Trans-Tasman portability	3	77	115	108	161	665	-	53
<b>Total</b>	<b>3</b>	<b>409</b>	<b>198</b>	<b>336</b>	<b>379</b>	<b>1,191</b>	<b>172</b>	<b>222</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

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

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Net profit/(loss) before membership activities	286,204	(25,779)	80,590	15,019	81,691	(14,375)	61,761	(14,695)
<i>Adjustments for:</i>								
Net (gains)/losses on financial assets at fair value through profit or loss	(287,125)	23,512	(81,358)	(17,088)	(81,752)	14,292	(61,789)	14,644
Proceeds from sale of financial assets	39,968	64,933	55,207	91,782	1,977	10,295	892	5,758
Payments for purchase of financial assets	(168,782)	(129,169)	(84,928)	(57,031)	(32,711)	(33,267)	(27,135)	(18,474)
<i>Changes in assets and liabilities:</i>								
(Increase)/decrease in assets (excluding cash and cash equivalents, financial assets at fair value through profit or loss, portfolio investment entity tax receivable and other receivables)	(4)	(2)	-	-	(2)	-	(2)	-
(Decrease)/increase in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	(125)	(43)	(104)	(67)	(10)	9	(9)	9
<b>Net cash flows (used in)/from Operating Activities</b>	<b>(129,864)</b>	<b>(66,548)</b>	<b>(30,593)</b>	<b>32,615</b>	<b>(30,807)</b>	<b>(23,046)</b>	<b>(26,282)</b>	<b>(12,758)</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Net profit/(loss) before membership activities	86	284	18,909	(1,972)	32,313	(7,635)	10,854	(2,405)
<i>Adjustments for:</i>								
Net (gains)/losses on financial assets at fair value through profit or loss	(90)	(287)	(18,945)	1,944	(32,343)	7,609	(10,848)	2,398
Proceeds from sale of financial assets	14,853	4,766	1,089	4,171	-	1,846	1,924	3,354
Payments for purchase of financial assets	(8,261)	(20,468)	(20,417)	(28,390)	(23,202)	(21,344)	(8,102)	(7,234)
<i>Changes in assets and liabilities:</i>								
(Increase)/decrease in assets (excluding cash and cash equivalents, financial assets at fair value through profit or loss, portfolio investment entity tax receivable and other receivables)	-	(2)	-	-	-	-	-	-
(Decrease)/increase in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	2	(1)	(1)	2	(2)	3	(1)	2
<b>Net cash flows (used in)/from Operating Activities</b>	<b>6,590</b>	<b>(15,708)</b>	<b>(19,365)</b>	<b>(24,245)</b>	<b>(23,234)</b>	<b>(19,521)</b>	<b>(6,173)</b>	<b>(3,885)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**10 AUDITOR'S REMUNERATION**

During the reporting period, the following fees (inclusive of GST) were paid or payable by the Manager to the auditor of the Scheme. The auditor of the Scheme is PricewaterhouseCoopers.

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Audit fees for the audit of financial statements	97	93	48	51	21	19	11	8
Taxation fees for tax compliance services	3	3	2	2	1	1	-	-
Taxation fees for tax advisory services	-	2	-	2	-	-	-	-
<b>Total</b>	<b>100</b>	<b>98</b>	<b>50</b>	<b>55</b>	<b>22</b>	<b>20</b>	<b>11</b>	<b>8</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
Audit fees for the audit of financial statements	1	2	7	7	7	5	2	1
Taxation fees for tax compliance services	-	-	-	-	-	-	-	-
Taxation fees for tax advisory services	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>2</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>1</b>

**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 Schemes 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.

In light of COVID-19 and impacts of this on financial markets, Management have been actively monitoring Investment Managers and service providers with a view to ensuring each of these has the ability to provide continued investment services to Mercer (N.Z) Limited. Questionnaires have been issued to respective Investment Managers with all respondents confirming that their performance to deliver investment services to Mercer (N.Z.) Limited has not been impaired by COVID-19. In addition, Management has focused on liquidity management, rebalancing and minimising trading costs. Some Dynamic Asset Allocation changes have also been implemented. Management continues to engage regularly with investment managers both in NZ and globally during these unprecedented times.

The Mercer KiwiSaver Scheme invests in the MITNZ investment portfolios. The investment in the underlying 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 2021**

**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 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 is 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 2021**

**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 investments in MITNZ investment portfolios was as follows:

Fund	TOTAL		TOTAL	
	2021 \$000s	2021 %	2020 \$000s	2020 %
Mercer Conservative	1,188,581	50%	1,077,502	56%
Mercer Balanced	504,424	21%	391,938	20%
Mercer High Growth	259,366	11%	171,334	9%
Mercer Cash	27,665	1%	34,167	2%
Mercer Moderate	179,333	8%	140,719	7%
Mercer Growth	161,977	7%	106,432	5%
Mercer Shares	41,665	2%	24,255	1%
<b>Total Unlisted Unit Trusts</b>	<b>2,363,011</b>	<b>100%</b>	<b>1,946,347</b>	<b>100%</b>

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

Fund	2021				2020			
	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	118,858	(118,858)	118,858	(118,858)	107,750	(107,750)	107,750	(107,750)
Mercer Balanced	50,442	(50,442)	50,442	(50,442)	39,194	(39,194)	39,194	(39,194)
Mercer High Growth	25,937	(25,937)	25,937	(25,937)	17,133	(17,133)	17,133	(17,133)
Mercer Cash	2,767	(2,767)	2,767	(2,767)	3,417	(3,417)	3,417	(3,417)
Mercer Moderate	17,933	(17,933)	17,933	(17,933)	14,072	(14,072)	14,072	(14,072)
Mercer Growth	16,198	(16,198)	16,198	(16,198)	10,643	(10,643)	10,643	(10,643)
Mercer Shares	4,167	(4,167)	4,167	(4,167)	2,426	(2,426)	2,426	(2,426)
<b>Total Unlisted Unit Trusts</b>	<b>236,302</b>	<b>(236,302)</b>	<b>236,302</b>	<b>(236,302)</b>	<b>194,635</b>	<b>(194,635)</b>	<b>194,635</b>	<b>(194,635)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**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 (2020: 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) (2020: Same).

The Scheme measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme.

**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 contributions, transfers in, transfers out and benefits 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 contributions 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 2021**

**12 CLIMATE RELATED RISK MANAGEMENT**

The Financial Stability Board's Task Force on Climate-related Financial Disclosures (the TCFD) released its recommended framework for climate-related financial disclosures. Generally speaking, this framework covers four key areas: governance, strategy, risk management, and metrics & targets.

The recommended framework is broadly consistent with Mercer's approach.

*Governance*

Mercer's governance oversight on climate-related risks and opportunities is integrated through all levels of operations. The annual environmental, social and corporate governance ("ESG") review (now including carbon foot printing) is part of Mercer (N.Z.) Board reporting. The Board is aware of the importance of ensuring climate change is addressed, including having explicit goals and targets related to risks and opportunities.

*Strategy*

The impacts of climate change are actively considered in the process of determining Mercer's business and strategy over time. Mercer has completed climate scenario modelling and stress testing of its multi-sector portfolios and is integrating its findings into asset allocations and portfolio construction decisions.

*Risk Management*

Mercer's climate scenario modelling process is the key framework used to assess the size and scope of climate-related risks from a return perspective and prioritise asset classes and industry sectors for risk management (and exposure to new opportunities).

*Metrics and targets*

For equities, Mercer has primarily relied on carbon foot printing analysis for all equity funds as a key portfolio metric for carbon emission intensity vs benchmark. This is a way of assessing historic carbon emissions volume or intensity, which is an indicator for the relative risk of carbon pricing increases as part of the transition to a low-carbon economy.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**13 FINANCIAL INSTRUMENTS BY CATEGORY**

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>ASSETS</b>								
<b>Financial assets at fair value through profit or loss</b>								
Financial assets at fair value through profit or loss	2,363,011	1,946,731	1,188,581	1,077,502	504,424	391,938	259,366	171,334
<b>Total financial assets at fair value through profit or loss</b>	<b>2,363,011</b>	<b>1,946,731</b>	<b>1,188,581</b>	<b>1,077,502</b>	<b>504,424</b>	<b>391,938</b>	<b>259,366</b>	<b>171,334</b>
<b>Financial assets at amortised cost</b>								
Cash and cash equivalents	14,538	13,008	5,135	7,247	3,886	1,280	1,782	1,217
Investment management fees receivable	-	-	-	-	2	-	2	-
Other receivables	-	341	-	-	-	-	-	-
<b>Total financial assets at amortised cost</b>	<b>14,538</b>	<b>13,349</b>	<b>5,135</b>	<b>7,247</b>	<b>3,888</b>	<b>1,280</b>	<b>1,784</b>	<b>1,217</b>
<b>Total financial assets</b>	<b>2,377,549</b>	<b>1,960,080</b>	<b>1,193,716</b>	<b>1,084,749</b>	<b>508,312</b>	<b>393,218</b>	<b>261,150</b>	<b>172,551</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at amortised cost</b>								
Unallocated contributions	1,309	991	781	649	184	124	177	80
Benefits payable	2,045	2,735	1,111	1,474	453	582	141	36
Investment management fees payable	16	149	17	122	-	11	-	10
Supervisor fees payable	28	24	15	14	6	5	3	2
Administration fees payable	188	375	141	288	20	39	9	17
Net assets attributable to members	2,351,818	1,957,235	1,185,409	1,079,632	500,920	393,630	256,506	174,197
<b>Total financial liabilities at amortised cost</b>	<b>2,355,404</b>	<b>1,961,509</b>	<b>1,187,474</b>	<b>1,082,179</b>	<b>501,583</b>	<b>394,391</b>	<b>256,836</b>	<b>174,342</b>
	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s	2021 \$000s	2020 \$000s
<b>ASSETS</b>								
<b>Financial assets at fair value through profit or loss</b>								
Financial assets at fair value through profit or loss	27,665	34,167	179,333	140,719	161,977	106,432	41,665	24,639
<b>Total financial assets at fair value through profit or loss</b>	<b>27,665</b>	<b>34,167</b>	<b>179,333</b>	<b>140,719</b>	<b>161,977</b>	<b>106,432</b>	<b>41,665</b>	<b>24,639</b>
<b>Financial assets at amortised cost</b>								
Cash and cash equivalents	139	2,039	1,356	309	1,823	685	417	231
Investment management fees receivable	-	2	-	-	-	-	-	-
Other receivables	-	-	-	341	-	-	-	-
<b>Total financial assets at amortised cost</b>	<b>139</b>	<b>2,041</b>	<b>1,356</b>	<b>650</b>	<b>1,823</b>	<b>685</b>	<b>417</b>	<b>231</b>
<b>Total financial assets</b>	<b>27,804</b>	<b>36,208</b>	<b>180,689</b>	<b>141,369</b>	<b>163,800</b>	<b>107,117</b>	<b>42,082</b>	<b>24,870</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at amortised cost</b>								
Unallocated contributions	7	11	68	58	75	59	17	10
Benefits payable	123	357	172	248	45	37	-	1
Investment management fees payable	-	-	1	2	1	4	1	2
Supervisor fees payable	-	-	2	2	2	1	-	-
Administration fees payable	2	3	9	15	6	10	1	3
Net assets attributable to members	27,657	35,777	178,806	141,001	161,154	107,805	41,366	25,193
<b>Total financial liabilities at amortised cost</b>	<b>27,789</b>	<b>36,148</b>	<b>179,058</b>	<b>141,326</b>	<b>161,283</b>	<b>107,916</b>	<b>41,385</b>	<b>25,209</b>

At 31 March 2021 the carrying amount of financial assets and financial liabilities at amortised cost approximates their fair value (2020: Same).

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**14 UNITS ON ISSUE**

	TOTAL		Mercer Conservative		Mercer Balanced		Mercer High Growth	
	2021 000s	2020 000s	2021 000s	2020 000s	2021 000s	2020 000s	2021 000s	2020 000s
Units on issue at the beginning of the year	1,301,357	1,242,813	671,927	684,817	259,656	245,538	116,841	108,960
Units issued during the year	583,043	378,297	322,212	151,967	88,731	73,171	45,056	34,889
Units redeemed during the year	(507,313)	(319,753)	(307,853)	(164,857)	(71,506)	(59,053)	(31,428)	(27,008)
<b>Units on Issue at the end of the year</b>	<b>1,377,087</b>	<b>1,301,357</b>	<b>686,286</b>	<b>671,927</b>	<b>276,881</b>	<b>259,656</b>	<b>130,469</b>	<b>116,841</b>

	Mercer Cash		Mercer Moderate		Mercer Growth		Mercer Shares	
	2021 000s	2020 000s	2021 000s	2020 000s	2021 000s	2020 000s	2021 000s	2020 000s
Units on issue at the beginning of the year	26,361	13,593	119,171	99,602	87,815	73,502	19,586	16,801
Units issued during the year	17,313	21,894	56,191	52,636	41,636	34,327	11,904	9,413
Units redeemed during the year	(23,293)	(9,126)	(40,241)	(33,067)	(24,921)	(20,014)	(8,071)	(6,628)
<b>Units on Issue at the end of the year</b>	<b>20,381</b>	<b>26,361</b>	<b>135,121</b>	<b>119,171</b>	<b>104,530</b>	<b>87,815</b>	<b>23,419</b>	<b>19,586</b>

**15 CONTINGENT LIABILITY, ASSET AND COMMITMENTS**

There were no material contingent liabilities or commitments as at 31 March 2021 (2020: Same).

**16 EVENTS AFTER BALANCE DATE**

The financial statements have been prepared based upon conditions existing at 31 March 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Commencing in April 2021, the Scheme's investments in MITNZ were reallocated into portfolios aligning with Mercer KiwiSavers customers values, helping Mercer continue to create sustainable futures for customers and communities. The scheme has reallocated some assets to sectors making positive social and environmental impacts, such as renewable or alternative energy, water infrastructure and technologies, pollution control, and health. In addition to current exclusions, controversial weapons and tobacco, the reallocated assets also now exclude companies involved in carbon intensive industries, gambling, adult entertainment, and alcohol related activities. These changes were completed in June 2021. Subsequently, on 21 July 2021, Mercer Cash, Mercer Conservative, Mercer Moderate, Mercer Balanced, Mercer Growth, Mercer High Growth and Mercer Shares were renamed to Cash, Sustainable Conservative, Sustainable Plus Moderate, Sustainable Plus Balanced, Sustainable Plus Growth, Sustainable Plus High Growth and Sustainable Plus Shares, respectively.

In May 2021, the New Zealand Government announced its decision to appoint five default KiwiSaver providers. While from 1 December 2021 the Mercer KiwiSaver Scheme will no longer be a provider for default members, the Scheme remains a competitive and reputable KiwiSaver provider. The Scheme is currently working through the process and associated impacts of the change, and as a result they have not yet been quantified.



## Independent auditor's report

To the members of the 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")

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### Our opinion

In our opinion, the accompanying financial statements of the Funds and the Scheme present fairly, in all material respects, the financial position of the Funds and the Scheme as at 31 March 2021, their financial performance 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).

### What we have audited

The Funds' and the Scheme's financial statements comprise:

- the statements of net assets as at 31 March 2021;
- 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 significant accounting policies and other explanatory information.

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### 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.



### Independence

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

We have provided the following services to Mercer (N.Z.) Limited (the Manager): controls assurance reporting, collective registry compliance assurance reporting, tax compliance and advisory services and the audit of financial statements of other funds and schemes managed by the Manager. Subject to certain restrictions, employees of the firm may invest in the Funds and the Scheme on normal market terms. These services and relationships have not impaired our independence as auditor of the Funds and the Scheme. Other than in our capacity as auditor, we have no other relationships with, or interests in, the Funds and the Scheme.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have one key audit matter: valuation and existence of financial assets at fair value through profit or loss. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of financial assets at fair value through profit or loss</b></p> <p>Refer to note 5 of the financial statements for disclosures of financial assets at fair value through profit or loss (financial assets at FVPL) for the Funds and the Scheme.</p> <p>This was an area of focus for our audit as it represents the majority of the net assets of the Funds and the Scheme.</p> <p>The Funds and Scheme invest solely into funds of Mercer Investment Trusts New Zealand (MITNZ). MITNZ are unlisted unit trusts which are also managed by the Manager. The fair value is based on the redemption price established by the investment fund administrator and categorised as level 2 in the fair value hierarchy.</p>	<p>We assessed the process employed by the Manager for recording and valuing the financial assets at FVPL, including the relevant controls over investment administration and custody services. Our assessment of the business processes and controls included:</p> <ul style="list-style-type: none"> <li>• understanding of business processes over classification, recognition and measurement of financial assets at FVPL; and</li> <li>• obtaining the controls reports over investment administration and custody services. We evaluated the evidence provided by the controls reports over the design and operating effectiveness of the relevant controls.</li> </ul>



Description of the key audit matter	How our audit addressed the key audit matter
<p>In assessing the fair value and existence of financial assets at FVPL, the Manager uses information provided by the MITNZ investment fund administrator, including the investment fund administrator and custodian controls reports and financial statements of the underlying funds.</p> <p>The Funds and Scheme have no investments where there are no observable inputs.</p> <p>All financial assets at FVPL are held by the Custodian on behalf of the Funds and Scheme.</p>	<p><b>Valuation</b></p> <p>For the valuation of unlisted unit trusts, we agreed the redemption price at year end to the confirmation obtained from the investment fund administrator of the unlisted unit trusts. We evaluated whether the redemption price represents the fair value by:</p> <ul style="list-style-type: none"><li>• comparing the valuation of the investments in unlisted unit trusts to the Net Asset Value per unit calculated based on the audited financial statements of the MITNZ funds;</li><li>• assessing whether the underlying assets and liabilities of the MITNZ funds are primarily determined through observable market data to support that the net assets approximate fair value; and</li><li>• comparing the redemption price at 31 March 2021 to recent transaction prices to further support the fair value of financial assets at FVPL.</li></ul> <p><b>Existence</b></p> <p>For existence, we agreed the financial assets at FVPL held by the Funds and Scheme at 31 March 2021 to confirmations obtained directly from the Custodian.</p>

## Our audit approach

### Overview

#### Materiality

We determined materiality for each Fund and the Scheme separately. Our materiality for each Fund and the Scheme is calculated based on approximately 1% of net assets attributable to members for each Fund and the Scheme.

We chose net assets attributable to members as the benchmark because, in our view, the objective of the Funds and the Scheme is to provide members with a total return on the Funds' and the Scheme's net assets, taking into account both capital and income returns.



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**Key audit matters**

As reported above, because of the significance of the financial assets at FVPL to the financial statements, we have determined that there is one key audit matter: valuation and existence of financial assets at fair value through profit or loss.

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of each Fund and the Scheme as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of each Fund and the Scheme as a whole.

**How we tailored our audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of each Fund and the Scheme as a whole, taking into account the structure of each Fund and the Scheme, the Fund's investments and the accounting and registry processes and controls.

The Manager is responsible for the governance and control activities of the Funds and the Scheme. The Funds' and the Scheme's investments are held by a Custodian. The Manager performs the investment accounting and registry services.

In completing our audit, we performed relevant audit procedures over the control environment of the Manager and the Custodian to support our audit conclusions.



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### **Other information**

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, 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.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and use our professional judgement to determine the appropriate action to take.

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### **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 a Fund or the Scheme or to cease operations, or has no realistic alternative but to do so.

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### **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/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.





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**Who we report to**

This report is made solely to the members of the Scheme, 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.

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

For and on behalf of:

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

Chartered Accountants  
28 July 2021

Wellington