**MARKET/COMPOSITE INDEX SUMMARY**

OCTOBER 2018

MERCER (N.Z.) LIMITED

**Market/Composite Index– Mercer KiwiSaver scheme**

The Financial Markets Conduct Regulations 2014 requires that a document be made available which explains where more information on the market index can be obtained. Funds in the Mercer KiwiSaver scheme use either market or composite index returns as indicated in the table below.

|  |  |
| --- | --- |
| Fund name | Index type |
| Mercer Cash | Market  |
| Mercer Conservative | Composite  |
| Mercer Moderate | Composite  |
| Mercer Balanced | Composite  |
| Mercer Growth | Composite  |
| Mercer High Growth | Composite  |
| Mercer Shares | Market  |

For asset classes where there is no appropriate market index available a peer group index has been used. It is likely to be useful to investors when assessing the performance as it is representative of the investable universe for that asset class.

Market or composite index returns have two main applications within the Mercer KiwiSaver scheme:

* As the Benchmark Portfolio against which, for each fund, outperformance will be sought for periods of one year and longer.
* In the calculation of a fund’s risk indicator where the fund has not been in existence for a full five years. The Mercer Moderate, Mercer Growth and Mercer Shares funds were established in February 2015. Therefore, composite index returns for the Mercer Moderate and Mercer Growth funds, and market index returns for the Mercer Shares fund, will be used for a (decreasing) proportion of the risk indicator calculations until such time as a full five-year period of actual fund returns is available.

The market or composite index return for each fund is calculated using the weighted return of each asset class benchmark index and the specific Benchmark Asset Allocation asset class weights of each fund. Details of these are contained in section 6 of the Statement of Investment Policy and Objectives (SIPO). The SIPO can be obtained from [www. disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). (Search under Schemes for Mercer KiwiSaver scheme or use the scheme number “SCH10245”).

