

New Zealand Selected Market Indicators for Periods Ended 31 August 2012

	Return (%)				Return (% pa)			Risk (%pa)			
	1 Mth	3 Mths	Cal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	5 Yrs	10 Yrs		
New Zealand Equities											
NZX 50 Index with Imputation Credits [#]	3.5	5.2	12.7	11.8	7.1	-0.9	7.3	13.6	12.4		
NZX 50 Index without Imputation Credits [Ⓜ]	3.4	5.1	12.0	10.3	5.8	-2.3	5.6	13.6	12.3		
NZX 10 (with ICs)	2.6	3.1	10.6	12.0	8.6	0.1	7.4	14.4	13.2		
NZX 50 Portfolio Index (with ICs)	4.4	7.0	13.6	12.8	7.4	-0.8	8.9	13.4	12.1		
NZX Smaller Companies Gross (with ICs)	3.5	10.5	26.9	30.9	10.8	2.0	10.1	14.9	13.0		
Global Equities -- in NZD (Unhedged)											
MSCI AC World	3.2	1.7	6.3	12.9	2.2	-4.3	1.4	14.2	14.0		
MSCI World	3.6	2.1	6.8	14.9	2.4	-4.4	0.9	14.2	14.0		
MSCI World Value	3.3	2.6	5.2	14.3	0.2	-6.1	0.8	15.0	14.7		
MSCI World Growth	3.9	1.5	8.4	15.5	4.5	-2.7	0.9	14.1	13.8		
S&P ASX 200	1.4	6.8	7.7	8.2	4.7	-0.8	8.9	19.3	16.4		
MSCI US	3.3	0.7	9.7	24.3	7.2	-1.9	0.4	14.6	14.4		
MSCI Japan	0.3	-4.7	-3.0	0.5	-6.9	-9.0	-2.4	15.8	17.0		
MSCI UK	4.5	4.8	5.0	14.3	2.4	-5.6	1.4	16.3	15.1		
MSCI Europe	5.5	6.6	5.0	7.8	-2.7	-7.9	1.3	17.0	16.3		
Global Equities -- in Local Currency											
MSCI AC World	1.7	7.3	9.6	10.4	7.1	-2.2	5.5	18.4	15.2		
MSCI World	2.0	7.8	10.0	11.4	7.2	-2.5	4.9	18.2	15.1		
S&P ASX 200 (AUD)	2.1	7.2	10.0	5.5	3.2	-2.8	7.9	16.5	13.5		
MSCI US (USD)	2.3	7.7	13.0	16.9	13.1	0.8	6.0	19.2	15.7		
MSCI Japan (JPY)	-0.5	1.7	1.7	-3.2	-7.3	-13.6	-1.2	21.7	18.6		
MSCI UK (GBP)	2.0	8.5	5.8	10.3	8.9	1.7	6.8	17.4	14.8		
MSCI Europe (EUR)	2.3	10.8	8.7	11.4	4.4	-3.8	4.7	18.6	16.4		
MSCI World Small Caps	2.7	5.2	8.4	6.0	8.6	-2.2	6.8	22.1	18.2		
MSCI World Emerging Markets	-0.4	2.8	4.3	0.6	4.0	-1.6	10.7	22.3	19.0		
Property											
Mercer Unlisted Property *	0.6	2.3	6.3	7.2	3.0	0.7	9.4	7.4	6.7		
NZX Sectoral Listed Property (with ICs)	0.9	4.9	14.7	16.7	12.5	3.2	9.8	10.8	10.1		
UBS Listed Global Property Investor Only Hedged (NZD)	0.5	9.1	19.7	16.6	17.8	-0.7	12.0	26.3	20.7		
New Zealand Cash & Bonds											
ANZ 90 day Bank Bill	0.2	0.7	1.8	2.8	2.9	4.5	5.7	0.7	0.6		
ANZ NZ All Government Stock	0.5	0.4	4.0	8.9	8.4	8.4	7.1	3.6	3.1		
ANZ All Swaps Index	0.4	0.3	3.3	8.2	8.0	9.3	na	4.1	na		
Global Bonds											
Citigroup World Government Bond-Hedged (NZD)	0.3	1.4	5.1	8.0	7.0	8.4	8.2	3.2	3.0		
Citigroup World Government Bond-Unhedged (NZD)	1.8	-4.8	-0.8	6.3	-0.7	3.9	1.1	15.6	13.0		
Citigroup Govt Bond Aus (AUD)	0.4	-0.1	5.5	10.2	8.7	8.2	6.7	4.7	4.0		
Citigroup Govt Bond US (USD)	-0.1	0.5	2.4	5.0	5.7	6.4	5.1	5.0	4.9		
Citigroup Govt Bond Japan (JPY)	-0.2	0.2	1.6	2.6	2.3	2.4	1.6	1.9	2.0		
Barclays Capital Global Aggregate-Hedged (NZD)	0.5	2.1	6.2	8.7	8.0	9.0	8.5	2.8	2.8		
Inflation & Average Earnings											
NAOTWI (periods to Jun 12)		\$1,013.09	na	0.7	1.9	3.0	2.9	3.7	na	na	
CPI (periods to Jun 12)		1168	na	0.3	0.9	1.0	2.6	2.7	2.6	na	
Currency											
	Exchange Rate		(NZD Rises +/NZD Falls -)								
	(equivalent to NZD1.00)										
AUD	0.7774		0.8	0.4	2.2	-2.5	-1.5	-2.1	-0.9	8.9	8.0
USD	0.8034		-1.0	6.9	3.0	-5.9	5.4	2.7	5.6	17.9	14.6
JPY	62.9062		-0.8	6.8	4.8	-3.7	-0.4	-5.0	1.3	21.0	16.9
GBP	0.5058		-2.4	3.6	0.8	-3.6	6.3	7.8	5.3	14.8	12.1
EUR	0.6374		-3.3	4.9	6.1	7.5	10.1	4.4	2.9	11.3	10.4
TWI	71.9		-1.4	4.2	4.1	-1.2	4.3	1.2	3.0	11.2	9.9

Note: Risk is measured as the annualised standard deviation of monthly returns.

[#] NZSX40 Gross Index prior to March 2003. [Ⓜ] NZX 50 Net Index prior to January 2005. * Market value weighted average return of the AMP Property Fund and Tower Property Fund.

Selected Market Indicators for Periods Ended 31 August 2012

Global equity markets continued to climb in August, with investors responding to speculation surrounding further quantitative easing within the world's two largest economies, the US and China. China's poor run of economic data continues, with the latest release of the its Purchasing Managers' Index below the 50 "growth mark" for the 10th consecutive month. Elsewhere, the European Debt Crisis continues to roll on, with Spain yet to formally request a bailout.

The MSCI World Index (in local currency) was up 2.0% in August: the falling NZ dollar providing an extra kick for unhedged investors. A better than expected earnings season saw the NZX50 up 3.5%, with listed NZ Property (+0.9%) underperforming the broader share market. NZ and Global Bonds returned 0.5% over the month as bond markets continued to reflect concern about global growth prospects. The NZ dollar fell versus most trading partners, the notable exclusion being Australia.

Significant recent items include:

- Greek Prime-Minister George Samaris' request for "breathing space" to implement austerity measures was denied by Angela Merkel, as the imperturbable German Chancellor asserted the strict conditions that accompanied the troubled nation's bailout. The Greek economy continues to struggle, with a contraction in GDP of 6.2% for the year to June.
- China is not the only Asian country seeing a slowdown. Japanese GDP growth for the year to June was only 1.4%, well south of estimates as its export sector struggles on the back on decreased demand from China and Europe.
- The release of the US jobs report for July showed the economy added 163,000 jobs in the month, compared to the 95,000 expected, although the unemployment rate still ticked up to 8.3%.
- Across the Tasman, there are concerns surrounding the mineral sector, with iron-ore prices nearing Global Financial Crisis lows. As a result, BHP Billiton put off plans for \$50 billion in plant expansions.
- In NZ, Fonterra cut the dairy payout forecast 30 cents to NZ\$6.45-\$6.55 per kg of milk solids and announced a lower forecast of NZ\$5.95-6.05 for 2012/2013, not great news for our largest single export commodity.

An estimate of a balanced fund index return based on selected market indicators for August was 1.7%.

Trans-Tasman Equities		Month	Year
NZ Shares had a strong month due to a combination of positive market sentiment and a better than expected earnings season. It was not such a positive earnings announcement for Telecom, a strong performer earlier in the year, which declined by over 7% as the telecommunications heavyweight's sales lagged analysts' estimates.	NZX 50 (with ICs)	↑ 3.5	↑ 11.8
	S&P ASX 200 (AUD)	↑ 2.1	↑ 5.5
Global Equities			
The expectation of future stimulus boosted sentiment and saw global shares up 2% for August. Emerging Market's didn't share the joy though, down 0.4% over the month, due largely to poor data out of China and India. Despite the volatile environment, global shares have risen over 11% (in local currency) over the last year.	MSCI World (local ccy)	↑ 2.0	↑ 11.4
	MSCI World (unhedged)	↑ 3.6	↑ 14.9
Property			
Global and NZ Listed Property, while positive, underperformed relative to broader share markets in August. Despite this, listed property remains one of the best performers over the last 12 months as investors have favoured higher yielding stocks, like property, over growth and cyclical stocks.	NZX Listed Prop (ICs)	↑ 0.9	↑ 16.7
	UBS Global Property (H)	↑ 0.5	↑ 16.6
NZ Bonds and Cash			
NZ Bond returns were up over month, despite little movement in yields over the month. The NZ Institute of Economic Research released a paper suggesting that the Official Cash Rate (currently at 2.5%) will remain on hold until 2014, citing global growth fears and low inflation as the main catalysts behind its view.	ANZ NZ All Govt Stock	↑ 0.5	↑ 8.9
	ANZ 90 Day Bank Bill	↑ 0.2	↑ 2.8
Global Bonds			
The ten year bond yields of "safe haven" nations such as Germany and the US were up slightly over the month, though still hovering around historical lows. Bond yields in Spain and Italy are still alarmingly high as investors wait with baited breath for the ECB to start aggressively buying bonds again.	Citigroup World Gov (H)	↑ 0.3	↑ 8.0
	Barclays Global Ag (H)	↑ 0.5	↑ 8.7
Currency			
The TWI was down 1.4%, as the NZD weakened vs the USD (-1.0%), JPY (-0.8%), GBP (-2.4%) and EUR (-3.3%), but was up 0.8% vs the AUD.	TWI	↓ 1.4	↓ 1.2

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