

Mercer Super Trust

Monthly report

Mercer SmartRetirement Income

April 2023

Financial markets update

In April, risk asset returns in developed markets were mostly positive, while defensive assets also provided modest gains. Emerging market equities were lower than their developed market counterparts on the weakness in Chinese stocks

News flow during April was fairly quiet until the last week of the month when banking concerns resurfaced, as First Republic Bank came under pressure and was ultimately acquired by JP Morgan. Equity market volatility ended the month at its lowest level since late-2021, despite a brief spike during the last week of the month. Major economies remained resilient, driven largely by service activity. US GDP for Q1 2023 rose at a 1.1% annualized rate, which was below expectations. Consumer confidence remained on the rise and labour markets remained tight, in spite of high profile layoffs in the US.

Headline inflation continued to decline in major economies, reaching 5.0% in the US, which is its lowest level since mid-2021. In the UK, inflation fell by less than expected and remained above 10.0%, the highest rate in major developed economies. The People's Bank of China and Reserve Bank of Australia left key lending rates unchanged.

Over April, Hedged Developed Markets Overseas Shares returned 1.6%, even though the US earnings season delivered a fair number of positive EPS surprises relative to expectations, the earnings decline over the first quarter is set to be the largest since the second quarter of 2020. Returns were positive for most sectors with consumer staples delivering the largest gains for the month. Value outperformed growth among large and mid-cap stocks, while growth outperformed among small-caps.

Emerging Market Shares (UH) underperformed unhedged Overseas Shares in April. Weakness in China outweighed better performance for India and Brazil.

Hedged Overseas Government Bonds returned 0.2% over the month as Bond yields generally saw modest changes for most countries during the month. In the US, the 10-year bond yield fell by 4bps, while the 30-year yield was flat. In developed markets outside the US, 10-year yields rose by 6bps for Japan and 23bps for the UK. US inflation expectations, as measured by the 10-year inflation breakeven rate, fell from 2.3% to 2.2%. Australian Government Bonds were flat over the month.

Lending conditions remain somewhat stressed due to banking concerns but bond markets have remained fairly calm. Credit spreads generally declined during the month, with investment-grade spreads falling 2bps and high yield spreads declining 3bps.

Australian Shares returned 1.8%, underperforming their overseas counterparts in April. Real Estate (5.2%) and IT (4.5%) were the strongest sectors, meanwhile Materials (-2.6%), and Utilities (1.4%) were the largest detractors.

Mercer Ready-Made Options

Mercer SmartPath® Ready-Made Investment Option

Total Returns (%) ¹ (after fees and taxes)	1 month	Financial year to date	1 year	3 years (p.a.) ³	5 years (p.a.) ³
Born prior to 1949	1.1	8.5	4.3	6.7	5.6
Born 1949 to 1953	1.1	8.6	4.3	6.8	5.6
Born 1954 to 1958	1.2	8.9	4.0	7.2	6.0
Born 1959 to 1963	1.3	10.2	4.3	8.6	6.9
Born 1964 to 1968	1.4	n/a	n/a	n/a	n/a

Other Mercer Ready-Made Investment Options

Total Returns (%) (after fees and taxes) ¹	1 month	Financial year to date	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)
Investment Option							
Mercer Diversified Shares	2.0	14.9	5.8	13.3	8.9	10.2	10.3
Mercer High Growth	1.6	12.4	4.9	10.9	7.8	8.9	9.0
Mercer Growth Maximiser*	2.1	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Select Growth	1.3	9.7	4.3	9.8	7.6	8.3	n/a
Mercer Growth*	1.6	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Moderate Growth	1.1	8.7	4.3	6.9	5.6	6.2	6.5
Mercer Conservative Growth	0.8	5.8	2.7	4.2	4.1	4.5	4.9

Excess Returns (%) (before fees and taxes) ²	1 month	Financial year to date	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)
Investment Option							
Mercer Diversified Shares	0.0	-0.4	0.1	0.6	-0.1	0.1	0.1
Mercer High Growth	-0.2	-0.9	-1.6	0.6	0.2	0.5	0.6
Mercer Growth Maximiser*	-0.3	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Select Growth	-0.1	-1.5	-1.9	1.3	0.3	0.8	n/a
Mercer Growth*	-0.2	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Moderate Growth	-0.2	-0.7	-1.5	0.7	0.0	0.2	0.4
Mercer Conservative Growth	-0.2	-0.6	-1.5	0.5	0.0	0.3	0.5

NOTES

Past performance is not a reliable indicator of future performance

* New investment option available from 1 April 2023.

Differences between returns for each path can reflect different underlying investment strategies, or where strategies are the same, the timing of cash flows in the establishment of Mercer SmartPath.

n/a indicates that the investment option was not operating for the full period.

- Total Returns** are based on exit prices and allow for deduction of investment fees including indirect costs (but not administration or other fees). Returns greater than one year are shown on an annualised basis.
- Excess Returns Relative to Benchmark** are calculated by the difference between product performance (before fees and taxes) and the asset-weighted benchmark return. Benchmarks are listed on page 6. Asset weights used are those shown in the Investment Option's Product Disclosure Statement or Investment Policy Statement, as relevant. Returns greater than one year are shown on an annualised basis.
- Mercer SmartPath was made available as an option in May 2016.

Mercer Select-Your-Own Options

Total Returns (%) (after fees and taxes) ¹	1 month	Financial year to date	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)
Mercer Sustainable Plus Options							
Mercer Sustainable Plus Shares	1.8	14.3	4.0	12.4	8.2	9.6	9.8
Mercer Sustainable Plus Australian Shares	2.1	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus International Shares [#]	2.3	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus High Growth*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus Growth	0.8	10.6	4.4	10.2	7.3	7.9	8.1
Mercer Sustainable Plus Moderate Growth*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus Conservative Growth*	0.5	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Sector Options							
Mercer Australian Shares	1.8	16.8	4.5	15.9	10.3	10.9	9.7
Mercer International Shares	2.9	16.0	11.7	12.0	10.2	11.7	13.5
Mercer International Shares - Hedged	1.3	9.5	2.2	11.5	6.9	9.4	9.6
Mercer Property	1.1	1.6	-1.6	9.6	6.5	7.3	7.6
Mercer Global Listed Property*	2.3	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Fixed Interest	0.2	2.3	0.1	-2.2	1.1	1.5	2.4
Mercer Cash	0.2	2.2	2.3	0.8	1.2	1.4	1.8
Mercer Passive/Enhanced Options							
Mercer Passive Australian Shares	2.0	17.7	4.6	15.5	9.6	10.4	9.1
Mercer Passive International Shares	3.2	17.6	11.3	12.7	11.1	12.0	13.7
Mercer Passive Australian Listed Property	4.6	9.0	-10.6	10.0	4.7	4.2	6.9
Mercer Enhanced Passive High Growth*	2.2	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Enhanced Passive Growth	1.6	10.7	3.4	8.5	6.7	7.7	8.2
Mercer Enhanced Passive Moderate Growth*	1.4	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Enhanced Passive Conservative Growth	0.8	6.2	2.3	3.6	4.2	4.6	5.2

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* New investment option available from 1 April 2023.

Known as Mercer Sustainable Plus Global Shares until 31 March 2023.

1. **Total Returns** are based on exit prices and allow for deduction of investment fees including indirect costs (but not administration or other fees). Returns greater than one year are shown on an annualised basis.

n/a indicates that the investment option was not operating for the full period.

Taxed Investment Options

Investment Options for Transition to Retirement Pension

Total Returns (%) (after fees and taxes) ¹	1 month	Financial year to date	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)
Ready-Made – SmartPath							
Taxed Mercer SmartPath Born 1954-1958	1.0	8.7	4.0	6.3	5.1	n/a	n/a
Taxed Mercer SmartPath Born 1959-1963	1.3	9.4	3.8	7.6	5.7	n/a	n/a
Taxed Mercer SmartPath Born 1964-1968	1.3	n/a	n/a	n/a	n/a	n/a	n/a
Ready-Made						n/a	n/a
Taxed Mercer High Growth	1.4	10.6	4.2	9.9	6.9	n/a	n/a
Taxed Mercer Growth Maximiser*	1.9	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Select Growth	1.1	8.8	3.8	n/a	n/a	n/a	n/a
Taxed Mercer Growth*	1.3	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Moderate Growth	1.0	7.9	3.9	6.1	4.9	n/a	n/a
Taxed Mercer Conservative Growth	0.6	5.1	2.3	3.7	3.6	n/a	n/a
Select-Your-Own – Mercer Sustainable Plus						n/a	n/a
Taxed Mercer Sustainable Plus Australian Shares*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus International Shares*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus High Growth*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Growth*	0.7	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Moderate Growth*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Conservative Growth*	0.5	n/a	n/a	n/a	n/a	n/a	n/a
Select-Your-Own – Mercer Sector						n/a	n/a
Taxed Mercer Australian Shares	1.8	15.2	3.8	13.6	8.4	n/a	n/a
Taxed Mercer International Shares	2.3	14.2	10.3	11.3	9.8	n/a	n/a
Taxed Mercer International Shares – Hedged*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Property	0.9	1.0	-1.9	8.5	6.0	n/a	n/a
Taxed Mercer Global Listed Property*	1.9	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Fixed Interest	0.2	2.2	0.1	-2.0	0.9	n/a	n/a
Taxed Enhanced Index Growth	1.5	8.6	2.1	7.8	6.2	n/a	n/a
Taxed Mercer Cash	0.1	1.9	1.9	0.6	1.0	n/a	n/a
Select-Your-Own – Mercer Passive/Enhanced						n/a	n/a
Taxed Mercer Passive Australian Shares*	1.6	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Passive International Shares*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Passive Australian Listed Property*	4.0	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Enhanced Passive High Growth*	2.1	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Enhanced Passive Growth*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Enhanced Passive Moderate Growth*	1.3	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Enhanced Passive Conservative Growth*	0.9	n/a	n/a	n/a	n/a	n/a	n/a

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Asset class benchmarks

Shares	
Australian Shares	S&P/ASX 300 Accumulation Index
International Shares	Unhedged: MSCI World Index (ex Australia) in A\$ with net dividends reinvested Hedged: MSCI World Index (ex Australia) in A\$ (Hedged) with net dividends reinvested Passive Unhedged: MSCI World Index (ex Australia, ex tobacco, ex controversial weapons) in A\$ Passive Hedged: MSCI World Index (ex Australia, ex tobacco, ex controversial weapons) in A\$ (Hedged)
Sustainable Plus International Shares	Hedged: MSCI World (NRD) Index in A\$ (Hedged) Unhedged: MSCI World (NRD) Index in A\$
Sustainable Plus Australian Shares	S&P/ASX 300 Accumulation Index
Property and Infrastructure	
Direct Property	CPI + 4%
Listed Property	FTSE EPRA/NAREIT Developed Index in A\$ (Hedged)
Passive Australian Listed Property	S&P/ASX 200 Property Trusts Accumulation Index
Defensive Fixed Interest	
Australian Sovereign Bonds	Bloomberg Australian Treasury Bond Index 0+ (All Maturities)
Global Sovereign Bonds	JP Morgan Global Sovereign Bond Index in A\$ (Hedged) <i>From December 2013 to January 2017, the benchmark was the JP Morgan Global Sovereign Bond Index (Customised) in A\$ (Hedged). Prior to November 2013 it was 50% JP Morgan Global Government Bond Index in A\$ (Hedged) and 50% JP Morgan Customised Index. Therefore, the calculations for longer period benchmark returns are inclusive of this data.</i>
Cash	
Cash	Bloomberg AusBond Bank Bill Index

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