



Mercer Super Trust

Monthly Report

Mercer SmartRetirement Income

April 2024

Financial markets update

Economic overview

The latest inflation reading was stronger than the consensus forecast among economists. Similar to other regions, good inflation was broadly low whilst services inflation remained elevated. The underlying details however pointed to boosts to inflation from government administered services such as health and education, with these items tending to reset at the start of the year. Meanwhile, the picture on growth remained broadly resilient with businesses in most sectors indicating resilient conditions. Challenging condition however evident in the construction sector, whilst retail sales declined in March with sales in most categories declining in the month.

Inflation data took centre stage over the past month with economic data releases from the US indicating that the pace of disinflation may be stalling. Following some firmer readings year to date, the US Consumer Price Index (CPI) in March rose to 3.5% YoY to March from 3.2% Year-on-Year (YoY) in February, whilst the ex-food-and-energy measure was unchanged at 3.8% YoY, with elevated services inflation remaining a feature. In response, US Federal Reserve (Fed) officials have become more cautious in respect to prospects for interest rate cuts with many, including Jerome Powell, indicating that it may take longer to gain enough confidence that inflation is returning to the Fed's 2% target. Elsewhere, inflation in the Eurozone had continued to decline with central bankers continuing to hint at interest rate cuts in the near future. Meanwhile, from a growth perspective, the US economy has remained resilient with personal consumption growth remaining firm, whilst conditions in the Eurozone remained more challenged albeit with further signs that business conditions are improving, led by the services sectors.

In China, there were some encouraging signs over the past month with business surveys broadly pointing to another month of growth, notably in services-related industries. GDP growth so far also appears to be running on track with the "around 5%" target announced earlier in the year, with the first quarter recording 1.6% quarter-on-quarter or 5.3% year-on-year growth. One key laggard however remains the property sector, with readings from the latest month pointing to ongoing contraction in property prices and investment. In Japan, consumer confidence continued its rebound whilst business conditions have also been improving, led by the services sector. Meanwhile, the Bank of Japan (BoJ) left policy unchanged at its April meeting with its governor reiterating that underlying inflation is rising towards their target.

Market review

Australian government bond yields also ended the month higher, influenced by global market development as well as the firm local inflation reading. The Australian dollar meanwhile was mixed, depreciating against the US dollar (USD) whilst appreciating against other major developed market currencies. Australian equities also ended the month lower, influenced by global market developments, with Real Estate a notable underperformer.

International government bond yields ended April higher with the recent US inflation readings prompting markets to defer expectations of interest rates. Despite the latest data indicating either resilient or improving growth conditions, international equities retraced in April as expectations for near term interest rate cuts receded and as geopolitical concerns rose.

Mercer Ready-Made Options

Mercer SmartPath® Ready-Made Investment Option²

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.)
Born prior to 1949	-1.8	6.6	7.0	5.0	5.5	5.8	n/a
Born 1949 to 1953	-1.8	6.5	6.8	4.9	5.5	5.8	n/a
Born 1954 to 1958	-1.8	6.8	7.3	4.9	5.9	6.2	n/a
Born 1959 to 1963	-2.0	7.8	8.4	5.6	6.9	7.2	n/a
Born 1964 to 1968	-2.3	9.3	10.4	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	-3.0	10.8	12.6	7.9	9.4	9.5	9.9
Mercer High Growth	-2.4	10.0	11.2	6.9	8.2	8.5	8.8
Mercer Select Growth	-1.9	7.8	8.5	5.9	7.5	7.9	n/a
Mercer Growth*	-2.2	8.9	9.6	n/a	n/a	n/a	n/a
Mercer Moderate Growth	-1.6	6.9	7.3	4.8	5.5	5.9	6.4
Mercer Conservative Growth	-1.4	5.0	4.8	2.9	3.8	4.3	4.8

NOTES

Past performance is not a reliable indicator of future performance

* New investment option available from 1 April 2023.

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

- Total Returns** are based on exit prices which are after tax (as applicable) 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.
- Mercer SmartPath was made available as an option in May 2016. 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.

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	-3.2	11.1	12.3	6.1	9.1	9.0	9.2
Mercer Sustainable Plus Australian Shares	-3.1	10.4	9.4	n/a	n/a	n/a	n/a
Mercer Sustainable Plus International Shares [#]	-3.6	12.6	15.2	n/a	n/a	n/a	n/a
Mercer Sustainable Plus High Growth*	-2.8	9.6	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus Growth	-2.5	7.2	7.7	5.3	7.4	7.3	7.5
Mercer Sustainable Plus Moderate Growth*	-1.9	7.0	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus Conservative Growth*	-1.9	3.9	3.0	n/a	n/a	n/a	n/a
Mercer Sector Options							
Mercer Australian Shares	-2.9	11.2	10.4	8.9	10.0	9.8	9.6
Mercer International Shares	-3.6	13.7	16.1	9.3	10.8	11.3	12.3
Mercer International Shares - Hedged	-3.5	11.8	18.3	4.9	8.9	9.0	9.7
Mercer Property	-3.6	-0.2	-0.9	3.0	4.1	5.8	7.1
Mercer Global Listed Property*	-4.7	2.2	1.3	n/a	n/a	n/a	n/a
Mercer Fixed Interest	-1.9	1.7	-0.8	-2.5	-0.3	1.0	2.1
Mercer Cash	0.4	3.6	4.4	2.2	1.6	1.8	2.0
Mercer Passive/Enhanced Options							
Mercer Passive Australian Shares	-2.7	10.7	9.7	8.6	9.3	9.2	9.0
Mercer Passive International Shares	-3.4	15.7	20.7	12.0	12.4	12.6	12.9
Mercer Passive Australian Listed Property	-7.7	19.1	19.0	6.8	5.1	6.0	8.6
Mercer Enhanced Passive High Growth	-3.3	11.7	12.8	n/a	n/a	n/a	n/a
Mercer Enhanced Passive Growth	-2.3	9.2	10.1	5.4	6.7	7.3	7.9
Mercer Enhanced Passive Moderate Growth	-2.0	7.5	7.8	n/a	n/a	n/a	n/a
Mercer Enhanced Passive Conservative Growth	-1.3	5.4	5.2	2.4	3.6	4.4	5.0

NOTES

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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 which are after tax (as applicable) 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	-1.2	5.5	5.8	4.1	5.0	n/a	n/a
Taxed Mercer SmartPath Born 1959-1963	-1.7	7.2	7.7	5.1	5.8	n/a	n/a
Taxed Mercer SmartPath Born 1964-1968	-1.9	7.8	8.7	n/a	n/a	n/a	n/a
Ready-Made							
Taxed Mercer High Growth	-2.0	8.7	9.8	6.0	7.2	n/a	n/a
Taxed Mercer Select Growth	-1.7	6.9	7.5	5.3	n/a	n/a	n/a
Taxed Mercer Moderate Growth	-1.4	6.0	6.4	4.2	4.9	n/a	n/a
Taxed Mercer Conservative Growth	-1.2	4.6	4.6	2.7	3.4	n/a	n/a
Select-Your-Own – Mercer Sustainable Plus							
Taxed Mercer Sustainable Plus Australian Shares*	-2.7	9.4	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus International Shares*	-3.5	10.6	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus High Growth*	-2.5	8.6	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Growth*	-2.1	6.3	6.6	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Moderate Growth*	-1.6	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Conservative Growth*	-1.6	3.5	2.7	n/a	n/a	n/a	n/a
Select-Your-Own – Mercer Sector							
Taxed Mercer Australian Shares	-2.3	10.3	9.5	7.6	8.5	n/a	n/a
Taxed Mercer International Shares	-3.2	13.5	18.3	9.9	10.9	n/a	n/a
Taxed Mercer International Shares – Hedged*	-3.2	10.9	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Property	-2.4	0.3	-0.1	2.8	3.9	n/a	n/a
Taxed Mercer Global Listed Property*	-4.1	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Fixed Interest	-1.5	1.6	-0.5	-2.2	-0.3	n/a	n/a
Taxed Mercer Cash	0.3	3.1	3.8	1.9	1.3	n/a	n/a
Select-Your-Own – Mercer Passive/Enhanced							
Taxed Mercer Passive Australian Shares*	-2.4	9.5	8.5	n/a	n/a	n/a	n/a
Taxed Mercer Passive International Shares*	-3.0	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Passive Australian Listed Property*	-7.1	19.0	15.2	n/a	n/a	n/a	n/a
Taxed Mercer Enhanced Passive Growth	-2.0	8.5	9.3	4.8	6.2	n/a	n/a

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Past performance is not a reliable indicator of future performance.

* New investment option available from 1 April 2023.

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

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

Asset class benchmarks

Refer to this table for the asset class benchmarks used for the investment options in this report (excluding Mercer SmartPath and other Mercer Super diversified investment options). Alternate benchmarks may apply to managers individually.

Shares	
Australian Shares	S&P/ASX 300 Accumulation Index
Australian Small Companies	S&P/ASX Small Ordinaries 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 Low Volatility: MSCI World Min Vol Optimized in Local Currency AUD (UH)
Global Small Companies	MSCI World Small Cap Index <i>Prior to July 2014 the benchmark was S&P Developed Small Cap Index. Therefore, calculations for longer period benchmark returns are inclusive of this data.</i>
Emerging Markets	MSCI Emerging Markets Index (ex Tobacco and Controversial Weapons) in A\$
Sustainable Plus Australian Shares	S&P/ASX 300 Accumulation Index
Sustainable Plus Global Shares (Unhedged)	MSCI World (NRD) Index in A\$
Real Assets	
Global Listed Property	FTSE EPRA/NAREIT Developed Index in A\$ (Hedged)
Australian Direct Property	MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index – NAV-Weighted Post-Fee Total Return (All Funds) (lagged 1 month) <i>From January 2016 to 1 February 2024 the benchmark was CPI + 4% (lagged 3 months). Prior to January 2016 Mercer/IPD Australian Pooled Property Fund Index.</i>
Global Listed Infrastructure	FTSE Developed Core Infrastructure 50/50 Index – in A\$ (Hedged) <i>Prior to 1 February 2024 the benchmark was FTSE Global Core 50/50 Index in A\$ Hedged</i>
Global Unlisted Infrastructure	MSCI Australia Quarterly Private Infrastructure Fund Index (Unfrozen) – 50 th Percentile Post-Fee Total Return (All Funds) (lagged 3 months) <i>From January 2019 to 1 February 2024 the benchmark was CPI + 5% (lagged 3 months). Prior to 1 January 2019 the benchmark was CPI + 3%.</i>
Natural Resources	CPI+5% (lagged one quarter) <i>From January 2018 to April 2020 the benchmark was composite 60% Bloomberg Commodity Index in A\$ (Hedged), plus 40% Consumer Price Index + 5%. From March 2012 to December 2017 the benchmark was composite benchmark made up of 45% Bloomberg Commodity Index in A\$ (Hedged); 15% S&P Goldman Sachs Agricultural Index; 40% CPI + 5%. Therefore, calculations for longer period benchmark returns are inclusive of this data.</i>
Growth Fixed Interest	
Emerging Markets Debt	JP Morgan GBI-EM Global Diversified Index (Unhedged)
Private Debt	Bloomberg AusBond Bank Bill Index +3%
High Yield Debt	BofA Merrill Lynch Global High Yield Constrained Index <i>Prior to August 2016: Bank of America BB-B Developed Markets High Yield Constrained Index in A\$ (Hedged).</i>
Defensive Fixed Interest	
Global Absolute Return Bonds	Bloomberg AusBond Bank Bill Index <i>Prior to June 2023 the benchmark was Bloomberg AusBond Bank Bill Index +1%</i>
Short Term Bonds	Bloomberg AusBond Bank Bill Index
Global Credit	Bloomberg Barclays Global Aggregate – Corporate (A\$ Hedged) <i>Prior to 1 February 2024 the benchmark was 60% Barclays Global Aggregate - Corporate Index in A\$ (Hedged) and 40% Barclays Capital Global Aggregate ex Government ex Treasuries Index in A\$ (Hedged)</i>
Australian Sovereign Bonds	Bloomberg Australian Treasury Bond Index 0+ (All Maturities)
Global Sovereign Bonds	JP Morgan Global Sovereign Bond Index in A\$ (Hedged) <i>Prior to January 2017 the benchmark was JP Morgan Global Sovereign Bond Index (Customised) in A\$ (Hedged). Therefore, calculations for longer period benchmark returns are inclusive of this data.</i>
Australian Inflation Plus	CPI +1% (lagged one quarter)
Cash	
Cash	Bloomberg AusBond Bank Bill Index

Mercer SmartPath asset class benchmarks

Refer to this table for the asset class benchmarks used for the Mercer SmartPath and other Mercer Super diversified investment options.

Shares	
Australian Shares	S&P/ASX 300 Accumulation Index
Australian Small Companies	S&P/ASX 300 Accumulation Index
International Shares	Unhedged: MSCI All Country World Ex-Australia Equities Index with Special Tax (unhedged in AUD) Hedged: MSCI All Country World Ex-Australia Equities Index with Special Tax (100% hedged to AUD) Low Volatility: MSCI World Min Vol Optimised in Local Currency (unhedged in AUD)
Global Small Companies	MSCI All Country World Ex-Australia Equities Index with Special Tax (unhedged in AUD)
Emerging Markets	MSCI All Country World Ex-Australia Equities Index with Special Tax (unhedged in AUD)
Sustainable Plus Australian Shares	S&P/ASX 300 Accumulation Index
Sustainable Plus Global Shares (Unhedged)	MSCI All Country World Ex-Australia Equities Index with Special Tax (unhedged in AUD)
Real Assets	
Global Listed Property	FTSE EPRA/NAREIT developed ex Australia rental hedged to AUD
Australian Direct Property	MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index – NAV-Weighted Pre-Fee Total Return (All Funds)*
Global Listed Infrastructure	FTSE Developed Core Infrastructure Index hedged to AUD
Global Unlisted Infrastructure	MSCI Australia Quarterly Private Infrastructure Fund Index (Unfrozen) – NAV-Weighted Pre-Fee Total Return (All Funds)*
Natural Resources	25% MSCI All Country World Ex-Australia Equities Index with Special Tax (100% hedged to AUD) 25% MSCI All Country World Ex-Australia Equities Index with Special Tax (unhedged in AUD) 50% Bloomberg Barclays Global Aggregate Index (hedged in AUD)
Growth Fixed Interest	
Emerging Markets Debt	Bloomberg Barclays Global Aggregate Index (hedged in AUD)
Private Debt	Bloomberg Barclays Global Aggregate Index (hedged in AUD)
High Yield Debt	Bloomberg Barclays Global Aggregate Index (hedged in AUD)
Defensive Fixed Interest	
Global Absolute Return Bonds	Bloomberg Barclays Global Aggregate Index (hedged in AUD)
Short Term Bonds	Bloomberg Barclays Global Aggregate Index (hedged in AUD)
Global Credit	Bloomberg Barclays Global Aggregate Index (hedged in AUD)
Australian Sovereign Bonds	Bloomberg Ausbond Composite 0+ Index
Global Sovereign Bonds	Bloomberg Barclays Global Aggregate Index (hedged in AUD)
Australian Inflation Plus	Bloomberg Ausbond Composite 0+ Index
Cash	
Cash	Bloomberg Ausbond Bank Bill Index

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