



Mercer Super Trust

Monthly Report

Mercer SmartRetirement Income

November 2023

Financial markets update

Economic data releases over the past month continue to paint a mixed picture for the Australian economy. The latest NAB Business Survey of businesses suggest ongoing resilience in trading conditions whilst other surveys are pointing to softer conditions. Meanwhile, house prices rose again last month, with a further 0.6% month-on-month (MoM) increase in November, despite the high level of interest rates. A tighter labour market (with unemployment for October remaining near a record low at 3.7% p.a.) is playing a crucial role in sustaining the housing market and limiting weaknesses in consumer spending. The Year-on-Year (YoY) trend in inflation, as measured by the monthly Consumer Price Index (CPI) indicator, rose 4.9% p.a. in October, slowing from 5.6% p.a. reported in September, and easing faster than expected. The decline in oil prices along with the appreciating Australian dollar vs other major currencies were among the factors contributing to the decline in inflation. The reading provides some room for the Reserve Bank of Australia (RBA) to pause rate hikes and provide confidence that interest rates may have peaked. Consequently, in its last meeting of the year, the Reserve Bank of Australia (RBA) decided to maintain the interest rates at 4.35% p.a. In an accompanying statement, RBA governor Michele Bullock maintained the bank's stance by stating, "whether further tightening of monetary policy is required to ensure that inflation returns to target in a reasonable timeframe will depend upon the data and the evolving assessment of risks."

Outside of Australia, data releases over the past month exhibited more divergence. Business activity in the Eurozone remains weak, with surveys of both manufacturing and services companies showing slight signs of improvement in November but still remaining in contraction territory. However, activity in the US exhibited greater resilience, notably among the services sector as indicated by the US Institute for Supply Management (ISM) Services Purchasing Manager's Index (PMI) for November, which remained in expansionary territory at 51.8. US inflation continued to show broad moderation. Core inflation (excluding food and energy) decelerated to 3.2% year-on-year in October, down from 4.1% in September. The decline in inflation numbers further reinforces the confidence that global interest rates may have peaked. Economic conditions in China remain nuanced, with the services sector showing greater resilience. However, there is still significant uncertainty surrounding China's property sectors, despite recent stimulus measures.

Market review

Global equities rose in most regions over November, primarily driven by a decrease in bond yields following the markets belief that a soft-landing scenario is probable with inflation continuing to moderate. The Australian share market also followed this trend, with a notable increase of 5.1%. The rise in risk appetite led to Information Technology companies outperforming, and the Real Estate and Healthcare sectors displaying strong performance.

Government bond yields declined following the shift in market sentiment, and weaker economic data. The US 10-year government bond declined by 55bps to 4.36%, supported by the expectation that the Federal Reserve has sufficiently tightened monetary policy and a subtle shift to a less hawkish stance by some of the Fed Officials. Similarly, the Australian 10-year yield decreased by 52bps to 4.41%, mainly attributed to the move lower in overseas bonds and a resumption of the downward trend in inflation figures domestically. The Australian dollar (AUD) appreciation against the US dollar (USD), following an interest rate increase by the RBA as well as finding further support from higher prices for Australia's key commodity exports such as Iron Ore.

Commodity markets showed mixed performance in November. Oil prices experienced another decline, dropping by 7.84% to US\$80.68 per barrel, as investors seemed to look past the potential risks to oil and gas supply and the conflict in the Middle East. Iron Ore prices strengthened by 8.6%, reaching their highest level since June 2022, driven by China's measures to revive its struggling property market, a key driver of steel demand. Similarly, the prices of other commodities such as copper and gold experienced an uptick, with gold continuing to be viewed as a safe haven asset by investors.

Mercer Ready-Made Options

Mercer SmartPath® Ready-Made Investment Option²

Total Returns (%) ¹ (after fees and taxes)	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	3.0	1.6	4.7	4.5	5.9	5.8	n/a
Born 1949 to 1953	3.0	1.6	4.7	4.5	5.8	5.8	n/a
Born 1954 to 1958	3.1	1.5	4.6	4.6	6.3	6.3	n/a
Born 1959 to 1963	3.4	1.5	4.9	5.5	7.3	7.2	n/a
Born 1964 to 1968	3.9	1.6	5.4	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	4.4	0.8	6.1	8.0	9.7	9.5	9.2
Mercer High Growth	4.0	1.5	5.7	6.8	8.4	8.4	8.2
Mercer Select Growth	2.8	1.4	4.7	6.1	7.9	7.9	n/a
Mercer Growth*	3.7	1.6	n/a	n/a	n/a	n/a	n/a
Mercer Moderate Growth	2.9	1.6	5.0	4.4	5.8	5.9	6.2
Mercer Conservative Growth	2.3	1.5	3.5	2.5	4.1	4.3	4.7

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 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	5.9	0.2	4.2	5.9	9.0	8.8	8.4
Mercer Sustainable Plus Australian Shares	5.3	0.4	2.1	n/a	n/a	n/a	n/a
Mercer Sustainable Plus International Shares [#]	5.0	0.3	7.0	n/a	n/a	n/a	n/a
Mercer Sustainable Plus High Growth*	5.4	0.6	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus Growth	4.6	0.1	3.0	5.4	7.5	7.2	7.2
Mercer Sustainable Plus Moderate Growth*	3.8	1.2	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus Conservative Growth*	3.7	0.6	n/a	n/a	n/a	n/a	n/a
Mercer Sector Options							
Mercer Australian Shares	5.0	1.0	2.2	8.8	10.6	9.8	9.0
Mercer International Shares	3.6	1.9	10.1	8.9	10.8	11.0	11.3
Mercer International Shares - Hedged	7.4	1.4	9.8	6.4	8.3	9.0	9.1
Mercer Property	5.8	-1.2	-1.2	5.4	5.0	6.5	7.6
Mercer Global Listed Property*	9.3	-0.2	n/a	n/a	n/a	n/a	n/a
Mercer Fixed Interest	3.1	0.4	0.1	-3.8	0.4	1.1	2.2
Mercer Cash	0.4	1.8	3.8	1.6	1.5	1.6	1.9
Mercer Passive/Enhanced Options							
Mercer Passive Australian Shares	4.9	0.6	2.3	8.4	10.0	9.3	8.5
Mercer Passive International Shares	4.4	3.0	14.7	10.9	12.2	12.1	11.8
Mercer Passive Australian Listed Property	10.8	-0.4	0.4	1.5	4.0	4.6	7.4
Mercer Enhanced Passive High Growth	5.4	1.4	n/a	n/a	n/a	n/a	n/a
Mercer Enhanced Passive Growth	4.4	1.5	5.5	5.1	7.2	7.2	7.4
Mercer Enhanced Passive Moderate Growth	3.6	1.3	n/a	n/a	n/a	n/a	n/a
Mercer Enhanced Passive Conservative Growth	2.8	1.2	3.6	1.7	4.2	4.4	4.9

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 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	2.5	0.9	4.1	3.9	5.3	n/a	n/a
Taxed Mercer SmartPath Born 1959-1963	3.1	1.2	4.6	4.9	6.1	n/a	n/a
Taxed Mercer SmartPath Born 1964-1968	3.3	1.1	n/a	n/a	n/a	n/a	n/a
Ready-Made						n/a	n/a
Taxed Mercer High Growth	3.6	0.9	4.5	6.1	7.3	n/a	n/a
Taxed Mercer Select Growth	2.6	1.0	4.1	n/a	n/a	n/a	n/a
Taxed Mercer Moderate Growth	2.6	1.3	4.6	4.0	5.1	n/a	n/a
Taxed Mercer Conservative Growth	2.3	1.5	3.6	2.4	3.7	n/a	n/a
Select-Your-Own – Mercer Sustainable Plus						n/a	n/a
Taxed Mercer Sustainable Plus Australian Shares*	4.8	0.4	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus International Shares*	4.4	0.3	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus High Growth*	4.3	0.7	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Growth*	4.1	-0.1	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Moderate Growth*	2.9	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Conservative Growth*	3.1	0.3	n/a	n/a	n/a	n/a	n/a
Select-Your-Own – Mercer Sector						n/a	n/a
Taxed Mercer Australian Shares	4.6	0.8	2.4	7.3	9.0	n/a	n/a
Taxed Mercer International Shares	3.4	2.3	11.8	9.3	10.8	n/a	n/a
Taxed Mercer International Shares – Hedged*	6.6	1.6	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Property	3.6	-0.7	-0.3	5.0	4.8	n/a	n/a
Taxed Mercer Global Listed Property*	8.1	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Fixed Interest	2.7	0.3	0.4	-3.4	0.3	n/a	n/a
Taxed Mercer Cash	0.3	1.5	3.3	1.3	1.2	n/a	n/a
Select-Your-Own – Mercer Passive/Enhanced						n/a	n/a
Taxed Mercer Passive Australian Shares*	4.4	0.8	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*	9.6	1.1	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Enhanced Passive Growth	4.0	1.4	4.3	4.8	6.5	n/a	n/a

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.

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 prior to 1 January 2023 for the Mercer SmartPath options and all other MST investment options and asset classes included in this report. These benchmarks are used for the MST Ready-made options' allocations to this asset class. 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	CPI + 4% (lagged one quarter) <i>Prior to January 2016 Mercer/IPD Australian Pooled Property Fund Index.</i>
Global Listed Infrastructure	FTSE Global Core 50/50 Index in A\$ Hedged
Global Unlisted Infrastructure	CPI + 5% (lagged one quarter) <i>During the period January 2016 to December 2018 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>
Global Short Term Bonds	Bloomberg AusBond Bank Bill Index
Global Credit	60% Barclays Global Aggregate - Corporate Index in A\$ (Hedged) 40% Barclays Capital Global Aggregate ex Government ex Treasuries Index in A\$ (Hedged)
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 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 from 1 January 2023 onwards for the Mercer SmartPath 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)
Global 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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