



Mercer Super Trust

Monthly report

Westpac Group Plan

November 2024

Financial markets update

Economic overview

The Reserve Bank of Australia (RBA) kept interest rates unchanged at 4.35% p.a. (in line with economist expectations) for the 8th meeting in a row. The RBA governor noted that whilst the year-on-year (YoY) pace of headline inflation had declined, underlying inflation was still too high on a quarter-on-quarter (QoQ) basis. It is likely the RBA wants to see a further two quarters of falling inflation before they will be confident that the decline is sustainable. While the Reserve Bank New Zealand (RBNZ) cut rates 0.50% as expected and plans to keep cutting rates since inflation is within their target range and the economy remains weak. An additional 1% in rate cuts is anticipated by October. In the UK, the Bank of England cut rates a quarter percentage point to 4.75%, as expected

Australia's employment data for October came in broadly in line with expectations. The number of employed persons grew by an estimated 15,900 over the month with the unemployment rate remaining at 4.1% (vs September). The participation rate reduced slightly from a record high of 67.2% to 67.1% while the underemployment fell from 6.3% in September to 6.2% for October, the lowest reading since April 2023. The Australian Westpac Consumer Confidence Index rose again in November, though it remains below average levels. The increase was influenced by consumer expectation around interest rates, with over 52% now expecting mortgage rates to be the same or lower by this time next year, compared to 27% in July.

The US Federal Reserve (Fed) cut the interest rates target range by 0.25% to 4.50 - 4.75% p.a. (in line with expectations). US economic data continues to point to an expanding economy with job gains in the month of October and a stable unemployment rate that remains at 4.1%. Business surveys also point to an economy that remains in expansion, an improvement in the November surveys suggest a lift in confidence following the US election where the Republicans won both the House and Senate. The US 3rd quarter corporate earnings season ended strongly with the S&P500 showing an earnings growth of +8.2% YoY, with the Technology, Communications and Consumer Discretionary sectors experiencing the largest growth. And President-elect Trump announced his tariff plans to impose a 25% tariff on imports from Canada and Mexico and an additional 10% tariff on imports from China immediately after taking office.

In October, inflation in the UK, Eurozone and Canada rose more than expected, mainly due to an increase in household energy prices in the UK and Europe. In the UK, Gross Domestic Product (GDP) growth unexpectedly slowed to 0.1% in Q3 down from 0.5% growth in Q2. A 0.1% contraction in September, mainly due to weaker manufacturing output, contributed to the slowdown. The latest data suggest a mixed outlook for China's economy with manufacturing showing signs of expansion with growth in new orders and production, while non-manufacturing sectors face challenges due to a weakness in construction activity.

Market review

Australian Shares ended November higher following the direction of international markets as investors' confidence likely improved following the US election. The strongest performing sector was the IT sector, while the Materials sector lost some of last month's gains and was the worst performing sector for November. Sigma Healthcare was the largest gainer over the month after the competition regulator approved its merger with Chemist Warehouse. Australian Small Cap shares didn't follow International Small Caps lead and underperformed large caps in November.

International Shares (Hedged) rose higher in November due to positive corporate earnings and investor confidence being buoyed by the US election. International Shares (Unhedged) also produced positive returns partly due to a slight decline of the Australian dollar (AUD) during the month. International Small Cap shares outperformed large cap shares in November reflecting the valuation differential between the markets. Large cap shares are relatively expensive compared to small cap shares. International Government Bonds rose following the US election likely reflecting concern on President-elect Trump's tariff plans and the possible impacts to growth. The fall in bond yields over the month reversed some of the climb we have seen in bond yields over prior months. International Credit also had positive returns due to falling yields and positive investor risk appetite.

Mercer Ready-Made Options

Mercer SmartPath® Ready-Made Investment Option²

Total Returns (%) – after fees and taxes ¹	1 month	3 months	Financial year to date from 1 July	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)
Born prior to 1929	2.1	3.1	5.5	11.6	4.5	4.6	5.3	5.3
Born 1929 to 1933	2.0	3.1	6.0	12.5	4.9	5.1	5.6	5.5
Born 1934 to 1938	2.1	3.1	5.7	12.1	4.8	4.9	5.4	5.5
Born 1939 to 1943	2.1	3.2	6.0	12.3	4.9	4.9	5.4	5.5
Born 1944 to 1948	2.1	3.2	6.1	12.3	4.8	4.9	5.4	5.5
Born 1949 to 1953	2.0	3.2	6.0	12.8	4.9	5.0	5.5	5.6
Born 1954 to 1958	2.0	3.1	5.8	12.6	5.2	5.5	6.0	6.2
Born 1959 to 1963	2.4	3.5	6.3	14.3	5.9	6.3	6.7	6.9
Born 1964 to 1968	2.7	3.9	6.9	16.3	6.7	7.2	7.6	7.8
Born 1969 to 1973	3.1	4.3	7.4	18.1	7.3	7.8	8.2	8.3
Born 1974 to 1978	3.1	4.2	7.4	18.1	7.3	7.8	8.2	8.3
Born 1979 to 1983	3.1	4.7	8.0	18.7	7.4	8.0	8.3	8.4
Born 1984 to 1988	3.1	4.9	8.1	19.0	7.5	8.0	8.3	8.4
Born 1989 to 1993	3.1	4.3	7.6	18.4	7.3	7.8	8.2	8.2
Born 1994 to 1998	3.1	4.2	7.5	18.1	7.2	7.8	8.1	8.2
Born 1999 to 2003	3.1	4.2	7.4	18.0	7.1	7.7	7.9	8.0
Born 2004 to 2008	3.1	4.9	8.4	18.8	7.3	7.5	n/a	n/a
Born 2009 to 2013	3.1	4.8	8.2	18.7	n/a	n/a	n/a	n/a
Born 2014 to 2018	3.2	5.0	8.0	18.3	n/a	n/a	n/a	n/a

NOTES:

Past performance is not a reliable indicator of future performance.

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

1 Total Returns are calculated based on exit prices of the investment option which are after tax and investment fees/indirect costs. Returns greater than one year are shown on an annualised basis.

2 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®.

Westpac Group Plan

Total Returns (%) – after fees and taxes ¹	1 month	3 months	Financial year to date from 1 July	1 year
Mercer Heritage Australian Shares	3.6	5.7	10.1	22.6

Mercer Ready-Made Options

Other Mercer Ready-Made Investment Options

Total Returns (%) – after fees and taxes ¹	1 month	Financial year to date from 1 July	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)
Ready Made options							
Mercer Diversified Shares	3.9	9.9	22.1	8.1	8.9	9.1	9.3
Mercer High Growth	3.2	8.2	18.8	7.3	8.0	8.3	8.4
Mercer Select Growth	2.6	6.5	14.3	6.0	6.4	7.1	n/a
Mercer Growth	2.7	7.3	16.3	6.5	6.6	7.1	7.2
Mercer Moderate Growth	2.1	5.6	12.1	5.0	5.1	5.6	5.9
Mercer Conservative Growth	1.6	4.6	9.2	3.5	3.6	4.2	4.5

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Mercer Select-Your-Own Options

Total Returns (%) – after fees and taxes ¹	1 month	Financial year to date from 1 July	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)
Mercer Sustainable options							
Mercer Sustainable High Growth	3.6	5.9	16.9	6.1	n/a	n/a	n/a
Mercer Sustainable Conservative Growth	1.7	3.6	8.4	2.5	n/a	n/a	n/a
Mercer Sector options							
Mercer Australian Shares	3.8	10.7	23.4	9.7	8.8	9.5	9.3
Mercer International Shares	4.8	10.6	25.4	9.7	11.2	11.5	11.7
Mercer International Shares - Hedged	5.0	7.6	24.3	7.2	9.7	8.8	9.2
Mercer Property	1.1	4.8	7.5	1.1	2.7	4.5	5.5
Mercer Global Listed Property	2.3	10.6	16.4	n/a	n/a	n/a	n/a
Mercer Fixed Interest	1.0	2.3	5.0	-1.1	-0.5	1.2	1.8
Mercer Cash	0.3	1.6	3.9	2.7	1.7	1.7	1.8
Mercer Passive/Enhanced Passive options							
Mercer Passive Australian Shares	3.3	9.5	21.5	9.4	8.1	9.0	8.9
Mercer Passive International Shares	4.7	10.8	27.5	10.9	12.4	12.5	12.2
Mercer Passive Australian Listed Property	2.1	12.7	34.5	5.9	5.4	7.2	8.2
Mercer Enhanced Passive Growth	2.5	7.3	17.4	6.0	6.7	7.4	7.7
Mercer Enhanced Passive Conservative Growth	1.4	4.5	9.7	2.9	3.3	4.3	4.6

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The value of an investment in the Mercer Super Trust may rise and fall from time to time. The investment performance, earnings or return of capital invested are not guaranteed. Past performance is not a reliable indicator of future performance.

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