



Mercer Super Trust

Monthly report

Westpac Group Plan

October 2024

Financial markets update

Economic overview

Australian economic data releases over the past month painted a mixed picture. Business surveys indicate subdued but positive conditions, with the retail and manufacturing sectors facing the most challenges. Despite this, retail volumes improved in Q3'24, rising 0.5% quarter-on-quarter (QoQ), with the Australian Bureau of Statistics noting that consumers remain "price conscious". Meanwhile, labour markets remain strong with about 64,100 jobs added in September and the unemployment rate remaining unchanged at 4.1%.

The Consumer Price Index (CPI) which measures inflation, declined further, bringing the year-on-year (YoY) rate to 2.8% in Q3'24 from 3.8% in Q2'24. The government's energy rebate was the main reason for the decline. The Reserve Bank of Australia's September meeting minutes considered both raising interest rates if financial conditions turned out to be insufficiently restrictive and cutting rates if "significantly weaker than expected" growth resulted in downward pressure on inflation.

International economic data showed resilient but regionally varied conditions over the month. The resilience was led by the US with Q3'24 Gross Domestic Product (GDP) growing at 2.8% QoQ annualised. Key strengths included personal consumption, business fixed investment and government spending. Meanwhile, business surveys showed ongoing strength in many services sectors. The CPI reading slightly decreased from 2.5% YoY in August to 2.4% in September, while core inflation rose slightly to 3.3% YoY (from 3.2% in August). These readings did not appear to have much influence on US officials, with the New York Federal Reserve president John Williams noting that while data can fluctuate monthly, inflation is steadily moving downward.

Conditions in the Eurozone were mixed with Q3'24 GDP growth improving to 0.4% QoQ (from 0.2% in Q2'24), partly due to the Olympics. Business surveys indicated slowing conditions, with reports of decreasing customer demand and job cuts, especially in Germany. The latest Eurozone CPI estimate is 2.0% YoY, mainly due to lower energy prices. The European Central Bank cut interest rates by 0.25%, bringing the deposit rate to 3.25% p.a.

Over the month, both the Reserve Bank of New Zealand and Bank of Canada cut rates by 0.5%.

The Japanese economy eased slightly over the month. Retail sales fell month-on-month, reversing strong gains from the previous month and businesses reported a slowdown in new orders. Meanwhile, core inflation showed signs of rising due to higher service prices. The Bank of Japan kept interest rates unchanged with the governor indicating potential for rate increases in the future.

Economic activity remains subdued in China with Q3'24 GDP growing 0.9% QoQ bringing the YoY rate to 4.6%. There are some positive signs that earlier policy measures like the "cash-for-clunkers" trade-in program announced in July to boost electrical-vehicle demand are starting to work, even though the impact is still small.

After the pledge by Chinese policymakers in September to stop the property market decline, recent announcements have not met investor expectations. This included comments from China's finance minister about a stimulus package with the "strongest debt alleviation measure" in recent years but without a specific figure, disappointing investors.

Market review

Australian Shares ended October lower with investors disappointed following a lack of detailed stimulus announcements from China and rising international bond yields which affected interest rate cut expectations. Disappointment over the lack of details from China's policymakers also led to the Australian dollar (AUD) depreciating against most major currencies. Australian Government Bonds had a negative return during the month, despite easing inflation, international economic and market developments led to higher yields.

International Shares (Hedged) ended October lower driven by a combination of disappointing guidance from major US companies and fading investor optimism around the prospects for US interest rate cuts. The depreciation of the AUD boosted returns for International Shares (Unhedged). International Government Bonds had a negative return as bond yields rose due to signs of strong US economic conditions lowering investors' expectations on the magnitude of future interest rate cuts.

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	0.2	1.3	3.3	12.0	4.1	4.5	5.1	5.1
Born 1929 to 1933	0.2	1.5	3.9	13.3	4.5	4.9	5.4	5.4
Born 1934 to 1938	0.2	1.4	3.6	12.7	4.4	4.7	5.3	5.4
Born 1939 to 1943	0.2	1.5	3.8	12.9	4.5	4.7	5.3	5.3
Born 1944 to 1948	0.1	1.5	3.9	13.0	4.4	4.7	5.2	5.3
Born 1949 to 1953	0.2	1.5	3.9	13.6	4.6	4.9	5.3	5.5
Born 1954 to 1958	0.2	1.4	3.8	13.5	4.9	5.4	5.9	6.0
Born 1959 to 1963	0.0	1.3	3.9	15.1	5.4	6.2	6.6	6.7
Born 1964 to 1968	0.0	1.2	4.1	17.1	6.0	7.0	7.4	7.5
Born 1969 to 1973	-0.2	1.1	4.2	18.7	6.5	7.6	8.0	8.0
Born 1974 to 1978	-0.2	1.0	4.2	18.7	6.5	7.7	8.0	8.0
Born 1979 to 1983	0.3	1.6	4.7	19.3	6.7	7.8	8.1	8.1
Born 1984 to 1988	0.4	1.7	4.9	19.6	6.7	7.8	8.1	8.1
Born 1989 to 1993	-0.1	1.2	4.4	19.1	6.5	7.7	8.0	7.9
Born 1994 to 1998	-0.3	1.1	4.3	18.7	6.4	7.6	7.9	7.9
Born 1999 to 2003	-0.3	1.0	4.2	18.5	6.3	7.5	7.7	7.7
Born 2004 to 2008	0.4	1.7	5.1	19.2	6.5	7.2	n/a	n/a
Born 2009 to 2013	0.4	1.5	4.9	19.2	n/a	n/a	n/a	n/a
Born 2014 to 2018	0.4	1.6	4.7	18.1	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	-1.2	2.3	6.3	23.7

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	0.5	5.8	22.2	7.0	8.7	8.9	9.0
Mercer High Growth	0.4	4.9	19.2	6.5	7.8	8.1	8.1
Mercer Select Growth	0.6	3.8	14.3	5.4	6.3	6.9	n/a
Mercer Growth	0.3	4.5	16.9	5.8	6.5	6.8	7.0
Mercer Moderate Growth	0.2	3.5	12.7	4.7	4.9	5.5	5.7
Mercer Conservative Growth	-0.1	3.0	9.9	3.2	3.5	4.1	4.4

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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	0.2	2.2	17.7	5.1	n/a	n/a	n/a
Mercer Sustainable Conservative Growth	-0.2	1.9	10.0	2.2	n/a	n/a	n/a
Mercer Sector options							
Mercer Australian Shares	-0.9	6.6	24.0	8.3	8.6	9.1	8.6
Mercer International Shares	3.3	5.6	23.6	9.1	11.2	11.3	11.7
Mercer International Shares - Hedged	-1.1	2.5	26.1	4.8	9.3	8.3	8.9
Mercer Property	-1.5	3.7	10.8	0.6	2.5	4.4	5.5
Mercer Global Listed Property	-3.2	8.1	23.0	n/a	n/a	n/a	n/a
Mercer Fixed Interest	-1.6	1.3	6.7	-1.0	-0.6	1.1	1.8
Mercer Cash	0.3	1.3	3.9	2.6	1.6	1.7	1.8
Mercer Passive/Enhanced Passive options							
Mercer Passive Australian Shares	-1.1	6.0	22.8	8.1	8.0	8.7	8.2
Mercer Passive International Shares	3.5	5.8	26.7	10.5	12.3	12.2	12.2
Mercer Passive Australian Listed Property	-2.4	10.3	43.8	6.6	5.4	7.6	8.0
Mercer Enhanced Passive Growth	0.0	4.6	19.0	5.4	6.6	7.3	7.6
Mercer Enhanced Passive Conservative Growth	-0.2	3.0	10.9	2.7	3.2	4.2	4.5

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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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