



Mercer Super Trust

Monthly Report

Corporate Superannuation Division

April 2024

Financial markets update

Economic overview

The latest Australian inflation reading was stronger than the consensus forecast among economists. Similar to other regions, goods 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 conditions are 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% Year-on-Year (YoY) from 3.2% 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% YoY 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 developments as well as the firm local inflation reading. The Australian dollar meanwhile was mixed, depreciating against the US dollar 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	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	-1.4	1.3	6.0	6.1	3.8	4.4	4.9	5.0
Born 1929 to 1933	-1.5	1.3	6.3	6.5	4.1	4.8	5.1	5.1
Born 1934 to 1938	-1.4	1.4	6.1	6.5	4.1	4.6	5.0	5.2
Born 1939 to 1943	-1.4	1.4	6.0	6.3	4.1	4.6	5.0	5.1
Born 1944 to 1948	-1.5	1.4	5.9	6.2	4.0	4.5	4.9	5.1
Born 1949 to 1953	-1.4	1.6	6.4	6.7	4.1	4.7	5.0	5.3
Born 1954 to 1958	-1.5	1.6	6.4	6.9	4.6	5.3	5.7	5.9
Born 1959 to 1963	-1.6	2.1	7.5	8.2	5.3	6.0	6.4	6.6
Born 1964 to 1968	-1.8	2.6	8.4	9.3	6.0	6.9	7.2	7.4
Born 1969 to 1973	-2.0	3.1	9.5	10.5	6.5	7.5	7.7	7.8
Born 1974 to 1978	-2.0	3.1	9.6	10.6	6.5	7.5	7.8	7.8
Born 1979 to 1983	-1.9	3.2	9.6	10.7	6.5	7.6	7.8	7.8
Born 1984 to 1988	-1.9	3.3	9.8	10.8	6.5	7.6	7.8	7.9
Born 1989 to 1993	-2.0	3.2	9.8	10.8	6.5	7.5	7.7	7.7
Born 1994 to 1998	-2.0	3.2	9.6	10.7	6.4	7.4	7.7	7.7
Born 1999 to 2003	-2.0	3.1	9.5	10.5	6.3	7.3	7.5	7.5
Born 2004 to 2008	-2.1	2.7	9.2	10.2	6.0	7.1	n/a	n/a
Born 2009 to 2013	-2.1	2.7	9.4	10.7	n/a	n/a	n/a	n/a
Born 2014 to 2018	-2.0	2.8	8.8	n/a	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[®].

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.)
Investment Option							
Mercer Diversified Shares	-2.5	9.7	11.3	6.8	8.3	8.5	8.7
Mercer High Growth	-2.0	9.1	10.0	6.3	7.5	7.8	7.9
Mercer Select Growth	-1.5	7.2	7.8	5.4	6.3	6.8	n/a
Mercer Growth	-1.8	8.5	8.9	5.5	6.2	6.6	6.8
Mercer Moderate Growth	-1.4	6.2	6.6	4.3	4.9	5.3	5.6
Mercer Conservative Growth	-1.1	4.6	4.4	2.7	3.4	3.9	4.3

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 Plus options							
Mercer Sustainable Plus Australian Shares	-2.7	9.3	8.4	6.5	8.0	n/a	n/a
Mercer Sustainable Plus International Shares [#]	-3.2	11.3	13.7	6.7	8.6	n/a	n/a
Mercer Sustainable Plus High Growth	-2.4	8.5	9.6	6.0	n/a	n/a	n/a
Mercer Sustainable Plus Growth	-2.1	6.3	6.7	4.6	6.4	6.5	6.6
Mercer Sustainable Plus Moderate Growth	-1.7	5.8	6.4	3.9	n/a	n/a	n/a
Mercer Sustainable Plus Conservative Growth	-1.6	3.4	2.7	1.9	n/a	n/a	n/a
Mercer Sector Options							
Mercer Australian Shares	-2.2	10.3	9.7	7.7	8.5	8.3	8.0
Mercer International Shares	-3.0	13.3	17.2	9.5	10.5	10.9	11.6
Mercer International Shares - Hedged	-3.2	10.4	16.1	4.3	8.0	8.2	8.8
Mercer Property	-2.6	-0.2	-0.6	1.0	2.2	4.2	5.6
Mercer Global Listed Property	-4.3	1.5	0.9	n/a	n/a	n/a	n/a
Mercer Fixed Interest	-1.4	1.9	0.0	-2.0	-0.2	1.0	1.9
Mercer Cash	0.3	3.1	3.8	1.9	1.4	1.5	1.7
Mercer Passive/Enhanced Options							
Mercer Passive Australian Shares	-2.5	9.9	9.0	7.6	8.0	7.9	7.7
Mercer Passive International Shares	-3.0	14.6	19.2	11.3	11.5	11.8	12.0
Mercer Passive Australian Listed Property	-6.9	17.0	16.6	6.3	4.5	5.5	7.8
Mercer Enhanced Passive Growth	-2.0	8.7	9.4	5.1	6.3	6.9	7.4
Mercer Enhanced Passive Conservative Growth	-1.1	5.0	4.6	2.0	3.3	4.0	4.5

NOTES:

Past performance is not a reliable indicator of future performance.

[#] Known as Mercer Sustainable Plus Global Shares until 31 March 2023

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

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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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