

Mercer Super Trust

Monthly Report

Allocated Pension Division

March 2024

Financial markets update

Economic overview

Economic conditions have remained broadly resilient in Australia. There have however been some signs of softening emerging, more notably among discretionary components of household spending. Meanwhile, the Reserve Bank of Australia (RBA) kept interest rates unchanged at 4.35% p.a. The accompanying statement took on a more neutral tone with the comment from February's statement that "a further increase in interest rates cannot be ruled out" replaced with the RBA is "not ruling anything in or out".

Economic data releases continue to indicate differing conditions internationally, albeit with some encouraging signs for some regions. The data continued to suggest that activity in the US is holding up, with the services sector again performing well and manufacturing sector also showing signs of improvement. Its unemployment rate has however risen from its recent lows and retail sales have softened, notably in online sales. Elsewhere, business conditions in the Eurozone have shown sign of improvement, albeit growth overall remains subdued. Meanwhile, there have been some signs of a slowing in the pace of disinflation with the latest year-on-year reading US headline inflation even rising slightly. The US Federal Reserve (the Fed) nonetheless kept interest rates unchanged with Chair Powell noting that the recent higher inflation reading does not alter the downward trajectory of inflation. Similarly, the European Central Bank (ECB) also kept rates unchanged with its president Christine Lagarde continuing to hint at the possibility of a June rate cut.

There have also been signs of improving economic conditions in China, with both business survey and retail sales readings improving, led by the services sector. Pleasingly, the manufacturing sector also appears to be showing signs of improving, whilst property and housing construction remain notable drags. Meanwhile, there has been more positive signs in Japan with this year's Shunto, the annual wage negotiations between unions and companies, pointing to the largest growth in wages since 1993. This appeared to give the Bank of Japan (BoJ) enough to raise interest rates for the first time in 17 years, from - 0.1% p.a. to 0.0 - 0.1% p.a. whilst also terminating its Yield Curve Control (YCC) program, a program aimed at limiting the level of Japanese government bond yields. At the accompanying press conference, BoJ Governor Ueda noted that monetary policy will remain accommodative for some time, implying that any further rate increases will be slow.

Market review

Australian equities ended the month higher supported by improving signs for economic growth and declining bond yields, with the strong performance of the real estate sector notable.

Australian government bond yields ended the month lower, following international government bond yields, with the shift in the RBA's rhetoric adding to the decline.

International equities ended the month of March higher following some positive signs for growth and comments from Fed Chair Powell indicating that cuts to interest rates were still likely despite the recent higher inflation reading.

International government bond yields broadly ended the month lower, albeit not without volatility, after rising post the US Consumer Price Index (CPI) reading before retracing these movements later in the month as central banks maintained the rhetoric that the next moves in interest rates are likely to be cuts.

Commodity markets were broadly stronger for the month. Gold prices rose, reaching an all-time high, driven by speculation of near-term interest rate cuts, whilst oil prices also ended the month higher driven by the improving economic data momentum, raising expectations for greater demand. Meanwhile in industrial metals, copper prices rose following news of more supply disruptions, whilst iron ore ended the month lower with reports of a rise in inventories on Chinese ports.

Mercer Ready-Made Options

Mercer SmartPath® Ready-Made Investment Option²

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.)
Born prior to 1949	1.6	8.5	10.1	6.1	6.2	6.3	n/a
Born 1949 to 1953	1.6	8.4	10.0	6.1	6.2	6.2	n/a
Born 1954 to 1958	1.6	8.7	10.5	6.1	6.6	6.7	n/a
Born 1959 to 1963	1.9	10.0	12.0	7.0	7.7	7.7	n/a
Born 1964 to 1968	2.2	11.9	14.5	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 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	3.1	14.3	18.4	10.1	10.6	10.3	10.3
Mercer High Growth	2.6	12.7	15.8	8.6	9.2	9.2	9.1
Mercer Select Growth	2.0	9.8	12.0	7.2	8.3	8.4	n/a
Mercer Growth	2.2	11.3	13.8	n/a	n/a	n/a	n/a
Mercer Moderate Growth	1.6	8.7	10.3	5.9	6.1	6.3	6.6
Mercer Conservative Growth	1.2	6.4	7.0	3.7	4.2	4.6	5.0

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.

- Total Returns are calculated based on exit prices of the investment option which are after investment tax and investment fees/indirect costs. 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 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 Shares	3.0	14.8	18.2	8.5	10.4	9.9	9.6
Mercer Sustainable Plus Australian Shares	3.3	13.9	15.3	n/a	n/a	n/a	n/a
Mercer Sustainable Plus International Shares [#]	2.6	16.7	22.2	n/a	n/a	n/a	n/a
Mercer Sustainable Plus High Growth	2.7	12.8	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus Growth	1.9	10.0	11.4	7.2	8.3	7.9	7.9
Mercer Sustainable Plus Moderate Growth	1.7	9.2	n/a	n/a	n/a	n/a	n/a
Mercer Sustainable Plus Conservative Growth	1.3	5.9	5.5	n/a	n/a	n/a	n/a
Mercer Sector Options							
Mercer Australian Shares	3.4	14.6	15.8	11.2	11.0	10.4	10.1
Mercer International Shares	2.5	18.0	24.0	11.7	12.5	12.5	12.8
Mercer International Shares - Hedged	2.9	15.9	24.2	7.5	10.4	9.9	10.1
Mercer Property	2.3	3.4	3.9	5.1	4.9	6.5	7.7
Mercer Global Listed Property	3.4	7.3	8.7	n/a	n/a	n/a	n/a
Mercer Fixed Interest	1.1	3.6	1.3	-1.7	0.1	1.3	2.3
Mercer Cash	0.3	3.2	4.2	2.1	1.6	1.7	1.9
Mercer Passive/Enhanced Options							
Mercer Passive Australian Shares	3.1	13.8	14.9	11.0	10.5	9.8	9.5
Mercer Passive International Shares	3.0	19.8	29.0	14.5	14.2	13.7	13.4
Mercer Passive Australian Listed Property	9.5	29.0	34.9	10.7	6.2	7.6	10.0
Mercer Enhanced Passive High Growth	3.4	15.6	19.2	n/a	n/a	n/a	n/a
Mercer Enhanced Passive Growth	2.3	11.8	14.5	7.2	7.7	7.9	8.3
Mercer Enhanced Passive Moderate Growth	1.8	9.7	11.5	n/a	n/a	n/a	n/a
Mercer Enhanced Passive Conservative Growth	1.3	6.7	7.5	3.3	4.1	4.7	5.3

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[#] 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.

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

Taxed Investment Options

Investment Options for Transition to Retirement Pension

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 – SmartPath							
Taxed Mercer SmartPath Born 1954-1958	1.1	6.8	8.1	5.1	5.6	n/a	n/a
Taxed Mercer SmartPath Born 1959-1963	1.7	9.0	10.9	6.3	6.6	n/a	n/a
Taxed Mercer SmartPath Born 1964-1968	2.0	9.8	12.3	n/a	n/a	n/a	n/a
Ready-Made							
Taxed Mercer High Growth	2.3	10.9	13.6	7.5	8.1	n/a	n/a
Taxed Mercer Select Growth	1.9	8.7	10.6	n/a	n/a	n/a	n/a
Taxed Mercer Moderate Growth	1.4	7.5	9.0	5.2	5.5	n/a	n/a
Taxed Mercer Conservative Growth	1.1	5.9	6.5	3.4	3.8	n/a	n/a
Select-Your-Own – Mercer Sustainable Plus							
Taxed Mercer Sustainable Plus Australian Shares	3.0	12.4	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus International Shares	2.3	14.6	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus High Growth	2.2	11.3	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Growth	1.7	8.5	9.6	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Moderate Growth	2.3	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Sustainable Plus Conservative Growth	1.1	5.2	4.9	n/a	n/a	n/a	n/a
Select-Your-Own – Mercer Sector							
Taxed Mercer Australian Shares	3.1	12.9	14.2	9.6	9.6	n/a	n/a
Taxed Mercer International Shares	2.3	17.2	25.0	12.0	12.4	n/a	n/a
Taxed Mercer International Shares – Hedged	2.5	14.6	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Property	1.7	2.8	3.3	4.5	4.4	n/a	n/a
Taxed Mercer Global Listed Property	3.1	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Fixed Interest	0.9	3.2	1.4	-1.5	0.1	n/a	n/a
Taxed Mercer Cash	0.3	2.7	3.6	1.8	1.3	n/a	n/a
Select-Your-Own – Mercer Passive/Enhanced							
Taxed Mercer Passive Australian Shares	2.8	12.2	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Passive International Shares	2.7	n/a	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Passive Australian Listed Property	8.8	28.1	n/a	n/a	n/a	n/a	n/a
Taxed Mercer Enhanced Passive Growth	2.1	10.7	13.2	6.4	7.1	n/a	n/a

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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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