

CoreSeries High Growth

Portfolio Performance to 31 August 2023

Portfolio details

Investment Objective

The portfolio aims to achieve an Inflation (Consumer Price Index "AUCPI") + 4.5% p.a. objective over rolling seven year periods by taking exposures to mix of growth asset classes.

Investment Strategy

The strategy is an actively managed diversified portfolio investing in predominately growth asset classes such as equities, property and infrastructure. The portfolio's exposure will typically be 97% growth assets and 3% defensive assets; however over time these allocations may deviate within a range due to market movements and asset allocation decisions. These exposures are expected to provide a return in excess of inflation over the long-term and aim to minimise the impact of shorter-term market volatility through asset diversification, manager selection and risk management.

	1 Mth (%)	3 Mth (%)	6 Mth (%)	YTD (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)	Since inception p.a. (%)*
CoreSeries High Growth	-0.5	3.9	5.0	9.3	9.8	8.7	-	8.4
AUCPI + 4.5%	0.8	2.3	4.4	6.1	10.2	9.8	-	8.1
Excess return	-1.3	1.6	0.6	3.2	-0.4	-1.1	-	0.3

* Performance since 30 November 2018.

Actual Asset Allocation



■ Australian Equities
 ■ International Equities
 ■ Property and Infrastructure
 ■ Cash

*May not sum to 100% due to rounding.

Market Commentary

In August, the CoreSeries High Growth portfolio returned -0.5% underperforming its AUCPI + 4.5% benchmark by 1.3%.

Equities lost momentum and weakened (in local currency terms) after a strong rally over recent months. On a relative basis, US equities outperformed most major developed and emerging markets, while growth stocks generally outperformed value. Fixed income returns were broadly flat to slightly negative. The real asset sector saw the largest declines with global REITs and infrastructure down markedly. A combination of weaker forward-looking indicators, a modest uptick in inflation data, particularly in the US, and Fitch Ratings' downgrade of its US credit rating at the start of August, impacted returns.

Whilst the Australian share market was a little weaker across August (S&P/ASX 300 Accumulation Index -0.8%), it outperformed hedged overseas indices. Best performing sectors were Consumer Discretionary (5.8%) and Real Estate (2.2%), while weakest were Materials (-2.0%) and Consumer Staples (-3.1%). The Realindex Australian Shares MPS Fund underperformed its benchmark over the month due to underweights to CSL and Goodman, which detracted from performance. However, Solaris Core Australian Equity MPS Fund outperformed its benchmark driven by overweight holdings to Goodman Group, Altium Limited and Cochlear Limited.

The broad MSCI World ex-Australia Accumulation Index returned -1.8% in hedged terms and 1.6% unhedged over the month as the Australian Dollar (AUD) depreciated against most major developed market currencies. On a global basis, best performing sectors were Energy (6.0%) and Healthcare (3.3%), while weakest were Utilities (-1.6%) and Materials (-0.5%). The T. Rowe Price Global Focused Equity MPS Fund outperformed its benchmark with stock selection in the health care sector contributing to relative performance, particularly Eli Lilly following a positive earnings release. However, the Wellington Global Equity MPS Fund underperformed its benchmark due to weak security selection in healthcare, industrials and consumer staples.

The MSCI Emerging Markets Index was down 2.4% in AUD terms. The Russell Investments Wholesale Plus Emerging Markets Fund underperformed its benchmark, which was driven by stock selection in China.

August was a very weak month for global listed real assets as the FTSE EPRA/NAREIT Developed (Global REITs) decreased 2.6% and FTSE Global Core Infrastructure 50/50 Index returned -4.6% (both in AUD hedged terms). Within Global Listed Infrastructure, the Magellan Wholesale Plus Infrastructure Fund underperformed its benchmark due to stock selection, particularly toll road operator, Transurban, which dropped in value as Australian bond yields rose over the month. Whilst the Principal Global Property MPS Fund delivered a negative return over the month, it did outperform its benchmark.

Returns for most Australian bondholders were positive over August. In a bull steepening move, 10-year bond yields decreased slightly (-3bps to 4.02%), alongside five-year bond yields (-6bps to 3.77%) and two-year bond yields (-24bps to 3.81%). Hedged Overseas Government Bonds delivered a narrow loss of -0.3% over the month as government bond yields experienced an uptick in most major regions. Using 10 year government bonds as a guide, US yields saw a jump of 16bps, both Japan and UK were up 6bps, however, there were slight declines for German and Australian 10 year yields.

The CoreSeries High Growth portfolio remains well positioned relative to its long-term objectives and did not require any changes to the strategic asset allocation or rebalancing over the period.

Underlying Fund Returns

	1 Mth (%)	3 Mth (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)
Australian Equities					
Fidelity Australian Opportunities MPS Fund	-1.7	1.4	4.8	7.6	-
Platypus Australian Equity MPS Fund	-0.7	3.6	9.1	-	-
Realindex Australian Shares MPS Fund	-0.9	5.5	10.9	14.0	-
Solaris Core Australian Equity MPS Fund	0.2	3.9	8.5	9.5	-
International Equities					
Ardevora Global Equities MPS Fund	1.0	4.9	15.6	6.4	-
Blended Global Equities Hedged MPS Fund	-2.2	4.8	8.9	4.7	-
Guardcap Global Equity MPS Fund	2.0	3.7	21.6	13.8	-
Russell Investments Wholesale Plus Emerging Markets Fund	-2.4	3.6	7.2	2.8	-
T. Rowe Price Global Focused Equity MPS Fund	2.2	5.6	20.5	7.3	-
Wellington Global Equity MPS Fund	0.1	6.5	19.8	14.1	-
Property and Infrastructure					
Mercer Indexed Australian Listed Property Fund	2.1	6.0	5.7	7.4	4.1
Principal Global Property MPS Fund	-2.6	2.6	-7.7	0.8	-
Magellan Wholesale Plus Infrastructure Fund	-5.3	-4.2	-8.3	2.8	2.6
Cash					
Advance Cash Multi-Blend Fund	0.4	1.1	3.6	1.4	1.4
Platform Cash	0.3	0.8	-	-	-



Important Notices

This document is issued by Mercer Investments (Australia) Limited ABN 66 008 612 397 AFSL 244385 (MIAL). MIAL is the distributor of this document. MIAL is a wholly owned subsidiary of Mercer (Australia) Pty Ltd ABN 32 005 315 917 (Mercer Australia). References to Mercer shall be construed to include Mercer LLC and/or its associated companies. 'MERCER' is a registered trademark of Mercer Australia.

This document contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the Fund, asset classes or capital markets discussed.

Information contained herein has been obtained from a range of third-party sources, including underlying investment managers. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

CoreSeries Portfolios are available through selected IDPS platforms. 'CoreSeries' is a registered trademark of Advance Asset Management Limited ABN 98 002 538 329 AFSL 240902 (AAML). Please contact your adviser to find out what platforms this is available on.

AAML is the responsible entity and issuer of interests in some of the underlying funds of the Core Series Portfolios, namely Fidelity Australian Opportunities MPS Fund, Realindex Australian Shares MPS Fund, Solaris Core Australian Equity MPS Fund, Platypus Australian Equity MPS Fund, Ardevora Global Equities MPS Fund, Blended Global Equities Hedged MPS Fund, Guardcap Global Equity MPS Fund, T. Rowe Price Global Focused Equity MPS Fund, Wellington Global Equity MPS Fund, Principal Global Property MPS Fund, Macquarie Australian Bond MPS Fund, Pandal Australian Fixed Interest MPS Fund, Janus Henderson Australian Fixed Interest MPS Fund, PIMCO Global Fixed Interest MPS Fund, Wellington Global Bond MPS Fund, Western Asset Global Bond MPS Fund, BT Multi-Strategy Alternatives Fund, BT Property Securities Index Fund and Advance Cash Multi-Blend Fund (collectively the 'AAML Funds'). AAML is a wholly owned subsidiary of Mercer Australia, which is part of the Mercer global group of companies. Investors should be aware that the value of an investment in any AAML Fund may rise and fall from time to time and that neither AAML nor Mercer guarantees the investment performance, earnings or return of capital invested in any AAML Funds. Past performance does not guarantee future results.

If you are investing in or considering an investment in any AAML Fund, you should note that the information contained in this document is general in nature only, and does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products or constitute a solicitation on behalf of any of the investment managers, their affiliates, products or strategies that Mercer may evaluate or recommend. It does not take into account your personal needs and circumstances.

Before deciding whether to acquire, continue to hold or dispose of an investment, you should refer to the Product Disclosure Statement (PDS) and Target Market Determination (TMD) available from your financial adviser, or the relevant IDPS platform, before making a decision about the product and consider seeking independent financial advice. The Financial Services Guide (FSG) for AAML can be obtained via [mercervfunds.com.au/mercervfunds](https://www.mercer.com.au/mercervfunds). Conditions, fees and charges apply to AAML Fund/s and may change from time to time.

Where AAML has appointed third party manager(s) as the investment manager of the Fund, the relevant investment manager has consented to the statements pertaining to it in this document, in the form and context in which they appear and has not withdrawn its consent as at the date this document was published.

© Copyright 2023 Mercer Investments (Australia) Limited. All rights reserved.