

CoreSeries High Growth

Portfolio performance to the month ended 30 April 2024

Portfolio details

Investment Objective

The portfolio aims to achieve an Inflation (Consumer Price Index "AUCPI") + 4.5% pa 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.

	APIR code	1 Mth (%)	3 Mth (%)	6 Mth (%)	YTD (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)	Since inception p.a. (%)*
CoreSeries High Growth	WFS4680AU	-2.8	3.7	14.9	4.7	10.9	5.2	7.3	9.0
AUCPI + 4.5%	-	0.6	2.0	3.8	2.7	8.1	9.7	8.3	8.1
Excess return**	-	-3.4	1.7	11.1	2.0	2.8	-4.5	-0.9	0.9

* Performance since 30 November 2018.

** Please note that the performance figures as at the 30th April 2024 includes the changes made to Wholesale Plus funds within the portfolio as at 3rd April 2024. This does not account for any delays in the application and redemptions from the existing funds into the new funds. For further information on the changes made to the Wholesale Plus funds, please refer to the 'Portfolio Commentary' on the following page.

Actual Asset Allocation



 Australian Equities

 International Equities

 Property and Infrastructure

 Cash

Market Commentary

The portfolio delivered a return of -2.8% over April compared to its benchmark of 0.6%.

The latest 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 condition however evident in the construction sector, whilst retail sales declined in March with sales in most categories declining in the month.

Australian Shares returned -2.9% in April, giving up some of the gains made year to date, as risk aversion rose following the recent inflation readings. This reversal of strong year-to-date performance was partly evident in sector performance with Real Estate (-7.7%) and Consumer Discretionary (-5.3%) amongst the worst performing sectors. Meanwhile, Utilities (4.8%) benefited from both the rise in risk aversion among investors as well as concerns around the inflation outlook, whilst Materials (0.6%) outperformed other sectors boosted by the recovery in iron ore prices. The reversal of performance theme was also somewhat evident at the stock level with the Commonwealth Bank (-4.8%) and Goodman Group (-6.2%) among the main detractors for the month. Australian Small Caps modestly underperformed Australian Shares, returning -3.1% for the month. There were similar themes to Australian Shares, with Resources (2.0%) benefited from the rising commodity prices whilst Industrials (-5.0%) weakened against a challenging market backdrop.

International Shares corrected in April, returning -3.3% in both hedged and unhedged Australian Dollar (AUD) terms. Concerns around the outlook for inflation and its impact on the likelihood of interest rate cuts was a key driver, with the resulting rise in bond yields negatively impacting interest-rate sensitive sectors such as Real Estate (-6.8%). Information Technology (-5.3%) was also a laggard, with valuations negatively impacted given the long-dated nature of its cashflows, whilst at a company level, not even the "Magnificent 7" were able to escape the correction, albeit still outperforming the rest of the market. Rising tensions in the Middle East was another factor negatively impacting investor sentiment, with concerns around inflation and geopolitics ultimately outweighing the encouraging growth backdrop, including Q1'24 US earnings results to date.

Emerging markets outperformed developed markets over April, with Emerging Market Shares producing a 0.9% return for the month. China's Shanghai Composite (2.1%) performed well following encouraging signs from businesses, notably in service-related industries, as did India's BSE 500 (3.4%) against a backdrop of strong economic growth momentum.

April proved to be a challenging month for International Listed Property and Australian Listed Property, down 5.3% and 7.6% respectively, with the reduction in interest rate cut expectations and rising bond yields negatively impacting these asset classes. International Listed Infrastructure fared better, down 0.8% for the month, partly buffered by the stronger performance of Utilities which benefited from rising risk aversion and concerns around the outlook for inflation.

The recent inflation readings combined with more cautious rhetoric from Fed members saw international government bond yields end April higher, resulting in a -1.6% return for International Government Bonds for the month of April. The extent of the rise in bond yields however varied by region with the US experiencing larger moves compared to Europe reflecting differences in both trends in recent inflation readings and expectations for near term interest rate changes. As of the end of April, markets had pared back expectation of interest rate cuts by the Fed this year from over 2 cuts to 1 cut, whilst expectations for cuts by the European Central Bank reduced only modestly with more than 2 cuts still expected this year. International Credit returned -1.8% for the month of April, also negatively impacted by the rise in bond yields.

Australian government bond yields also ended the month higher resulting in a -2.0% return for Australian Government Bonds, influenced by a combination of both developments in global bond markets as well as the firm local CPI reading. The latter saw markets move to expect no interest rate cuts by the RBA this year compared to almost 2 cuts expected at the end of March.

Portfolio changes over the month:

As part of the ongoing strategic review of the CoreSeries portfolios to better align the portfolios with Mercer's investment philosophy and process, Mercer has replaced the following funds across the CoreSeries High Growth portfolio.

The Russell Investments Emerging Markets Fund has been replaced with the Skerryvore Global Emerging Markets All Cap Fund. The Skerryvore strategy seeks to outperform the broader emerging market index by investing in companies that exhibit high quality characteristics.

The Magellan Infrastructure Fund has been replaced with the ATLAS Infrastructure Fund. ATLAS seeks to provide a portfolio of high-quality infrastructure assets with the goal of delivering strong absolute returns over an investment cycle.

Underlying Fund Returns

	1 Mth (%)	3 Mth (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)
Australian Equities					
Fidelity Australian Opportunities MPS Fund	-2.2	2.8	5.1	4.0	6.4
Platypus Australian Equity MPS Fund	-3.0	6.3	16.1	-	-
Realindex Australian Shares MPS Fund	-2.9	0.7	11.1	9.5	9.4
Solaris Core Australian Equity MPS Fund	-2.4	2.9	10.5	7.6	6.5
International Equities					
Blended Global Equities Hedged MPS Fund	-3.1	4.0	13.2	0.3	6.4
Guardcap Global Equity MPS Fund	-3.3	1.4	6.8	5.6	7.3
Skerryvore Global Emerging Markets All-Cap Equity Fund	-0.4	5.2	10.1	-	-
T. Rowe Price Global Focused Equity MPS Fund	-3.8	8.4	25.5	5.3	13.5
Wellington Global Equity MPS Fund	-2.6	4.7	11.8	10.3	11.4
Property and Infrastructure					
Mercer Indexed Australian Listed Property Fund	-7.7	5.9	18.7	7.3	5.3
Principal Global Property MPS Fund	-5.0	-2.1	-0.3	-4.9	-2.0
ATLAS Infrastructure Fund	-1.8	-0.8	-5.7	5.2	5.4
Cash					
Advance Cash Multi-Blend Fund	0.4	1.1	4.4	2.3	1.7
Platform Cash	0.3	0.9	3.5	-	-





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, 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 [mercerc.com.au/mercerfunds](https://www.mercer.com.au/mercerfunds). 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 2024 Mercer Investments (Australia) Limited. All rights reserved.