

# Mercer Super Investment Trust

# **Monthly report**

February 2021



welcome to brighter

# Financial markets update

Over the month of February, the economic data that was released showed mixed results and share markets were volatile. However, optimism over medium-term growth and the global economic recovery continues to outweigh short-term concerns. Falling COVID-19 cases and vaccine deployment has reduced restrictions and economies are expected to reopen soon.

For developed markets, the US and UK reported solid economic growth for the final quarter of 2020. Both markets continue to provide strong fiscal support and continue to lead vaccine deployment with their aggressive rollout programs. Globally rising government bond yields caused some volatility towards the end of the month. However, Hedged Developed Markets Overseas Shares still managed to provide a positive return of 2.7% for the month. Small Caps shares, both globally and domestically, also continued to provide positive returns. In contrast to January, Emerging Markets were the weakest performing region, returning -0.1% over February. Performance was dragged mainly by China's underperformance, caused by slowing profit growth and weak returns from the technology sector. Additionally, Brazil was also negatively impacted by policy and election concerns.

The US dollar weakened against developed market currencies due to higher commodity prices and an increase in yield spreads. An increase in interest rates coupled with a risk on environment meant that investor demand for alternative investments and safe havens fell, causing Gold to fall by 7.0%. Oil prices increased by 18.1%, as a function of both rising demand from economies reopening and earlier supply cuts from Saudi Arabia. Whilst Hedged Global REITs provided positive returns over the month (+3.9%), Australian REITs continued to struggle, returning -2.5%.

The Australian share market provided a positive return over February, with the S&P/ASX300 returning 1.5%. Other domestic share indices achieved similar positive performance over the month, with the standout performer being the S&P/ASX 50, which returned 2.0%. The best performing sectors were Materials (+7.1%) and Financials (+5.2%), whilst the worst performing sectors were IT and Utilities, which both returned -8.0% over the month.

Mercer's most recent views and commentary regarding the Coronavirus can be found through the following link: [Coronavirus Outbreak Investment Implications Update](#).

## Total returns (%)

Investment Option	1 month	3 months	Financial year to date	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)
<b>Mercer Australian Shares</b>								
Total Returns – Before Fees	2.1	3.4	16.8	7.7	7.4	11.1	7.9	8.1
<i>Benchmark Return</i>	1.5	3.2	15.8	7.1	7.5	10.8	7.5	7.7
Excess Return	0.6	0.2	1.0	0.6	-0.1	0.3	0.4	0.4
Total Returns – After Fees <sup>1</sup>	1.8	2.9	14.6	7.4	7.2	10.3	7.4	7.5
<b>Mercer Shares</b>								
Total Returns – Before Fees	1.5	3.7	16.3	11.0	8.7	12.0	9.7	10.0
<i>Benchmark Return</i>	1.3	2.8	15.2	10.0	8.9	12.0	9.5	9.9
Excess Return	0.2	0.9	1.1	1.0	-0.2	0.0	0.2	0.1
Total Returns – After Fees <sup>1</sup>	1.3	3.2	14.5	9.6	7.6	10.4	8.3	8.5
<b>Mercer High Growth</b>								
Total Returns – Before Fees	1.3	4.0	14.4	9.8	8.6	10.7	9.0	9.1
<i>Benchmark Return</i>	1.2	2.6	12.1	8.3	7.8	10.0	8.3	8.6
Excess Return	0.1	1.4	2.3	1.5	0.8	0.7	0.7	0.5
Total Returns – After Fees <sup>1</sup>	1.0	3.3	12.2	7.6	6.9	8.9	7.4	7.6
<b>Mercer Growth</b>								
Total Returns – Before Fees	0.9	3.1	11.9	8.9	8.1	9.6	8.4	8.8
<i>Benchmark Return</i>	0.6	1.6	8.9	6.9	7.2	8.8	7.6	8.0
Excess Return	0.3	1.5	3.0	2.0	0.9	0.8	0.8	0.8
Total Returns – After Fees <sup>1</sup>	0.6	2.5	9.8	6.8	6.5	7.8	6.8	7.1
<b>Mercer Moderate Growth</b>								
Total Returns – Before Fees	0.1	1.3	7.2	4.2	6.1	7.3	6.7	7.2
<i>Benchmark Return</i>	0.0	0.4	5.0	3.4	5.8	6.9	6.3	6.8
Excess Return	0.1	0.9	2.2	0.8	0.3	0.4	0.4	0.4
Total Returns – After Fees <sup>1</sup>	0.0	1.0	6.2	3.0	4.8	5.8	5.3	5.8
<b>Mercer Conservative Growth</b>								
Total Returns – Before Fees	-0.3	0.6	4.5	3.1	5.2	5.8	5.6	6.1
<i>Benchmark Return</i>	-0.4	-0.2	2.5	1.9	4.8	5.3	5.1	5.6
Excess Return	0.1	0.8	2.0	1.2	0.4	0.5	0.5	0.5
Total Returns – After Fees <sup>1</sup>	-0.4	0.3	3.6	2.4	4.1	4.4	4.2	4.7

### NOTES

**Past performance is not a reliable indicator of future performance.**

- Total Returns** are based on exit prices and allow for deduction of tax and investment management fees. Returns are only shown for those investment options that had money invested in them during each respective period and, in some cases, the option has not operated long enough to calculate a return for the period. Returns greater than one year are shown on an annualised basis.

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