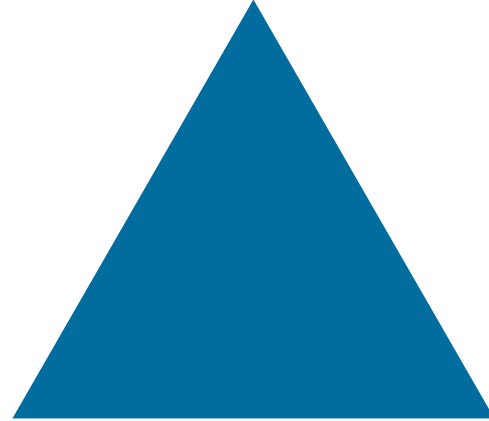
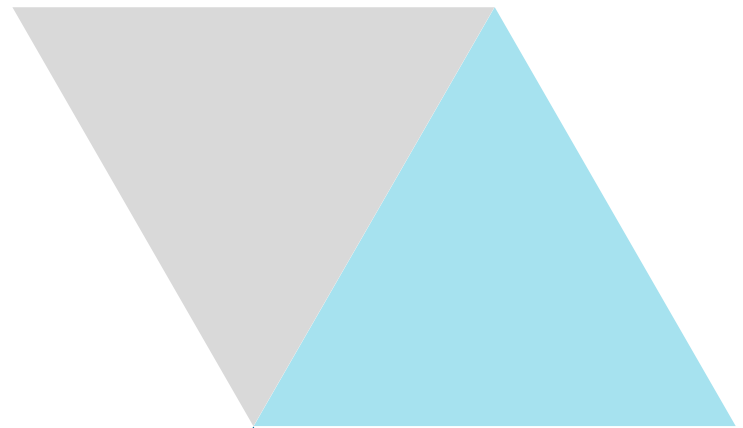
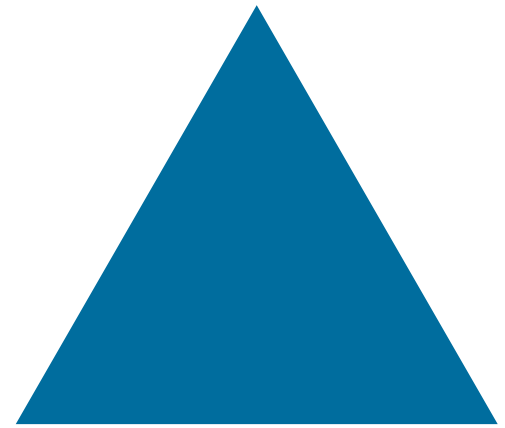


MERCER SUPER INVESTMENT TRUST MONTHLY REPORT

JULY 2019



FINANCIAL MARKETS UPDATE

Global equities increased modestly in July, with Overseas Developed Shares rising 1.1% in hedged terms. US equities in particular reached fresh highs in the second half of July, largely driven by technology stocks, however markets pulled back following an indication from the US Federal Reserve (Fed) that the 0.25% rate cut, to a range of 2.00% to 2.25%, was not necessarily the beginning of an easing cycle. Dovish sentiment from the European Central Bank (ECB) and People's Bank of China (PBOC) continued, whilst trade tensions again escalated and poor economic growth outside of the US continued to play on the minds of investors. The futures market currently has two rate cuts priced in for the ECB and an additional rate cut from the US Fed by the end of this year. Globally, Information Technology and Communication Services were the best performing sectors for the month, returning 4.7% and 4.6% respectively. Meanwhile, energy continued its lag from the month prior. Whilst producing relatively smaller returns compared to earlier months this year, both growth and defensive asset classes have continued their run of positive returns.

Geopolitical risks remained elevated over the month as the civil unrest in Venezuela continued, anti-government protests in Hong Kong intensified and Boris Johnson was elected the new Prime Minister of the United Kingdom, displaying his full support for the Brexit deal. The US Dollar strengthened against the British Pound and most major currencies on the back of strong inflows. The strong dollar contributed to a lower return (+0.6%) in emerging markets, as measured by the MSCI Emerging Markets index. The US and China trade dispute escalated with the US administration considering an additional 10% tariff on \$300 billion of Chinese imports on top of the 25% tax rate coming into effect on 1 September 2019. Trade and geopolitical tensions continued to weigh on global growth, with manufacturing purchasing managers' index (PMIs) declining further.

The US Fed cut rates by 25bps in July, the first rate cut since the global financial crisis. Bond markets delivered mixed results over the month, with sovereign bond yields continuing to fall. Emerging market debt continues to be one of the highest returning asset classes, after Australian Real Estate Investment Trusts (A-REITs), over the past 12 months to July 2019. Within emerging markets, 15 countries including Russia, Argentina, South Africa and Turkey, proceeded to cut their interest rates. The credit spreads on both investment grade and high yield bonds declined over July, as investors continued to search for yield in global markets.

The Australian equity market continued its strong run from the June quarter, with the S&P/ASX 300 returning 3.0%, outperforming its hedged overseas counterpart by 1.9%. Domestic Small Caps rallied in July (+4.5%) and broadly speaking, outperformed the majority of asset classes. In sector terms, Consumer Staples (+9.6%) led the Australian equity market, whilst Materials (+1.2%) and Energy (+1.5%) were the worst performing sectors.

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.)
MERCER AUSTRALIAN SHARES								
Total Returns – Before Fees	3.1	8.4	3.1	11.2	11.9	8.9	12.3	-
Benchmark Return	3.0	8.6	3.0	13.2	11.6	8.6	11.6	-
Excess Return	0.1	-0.2	0.1	-2.0	0.2	0.4	0.6	-
Total Returns – After Fees ¹	2.7	7.8	2.7	11.0	10.8	8.2	11.1	-
MERCER SHARES								
Total Returns – Before Fees	2.5	5.3	2.5	9.3	12.4	10.8	13.9	10.8
Benchmark Return	2.4	5.1	2.4	10.8	12.5	10.6	13.7	11.0
Excess Return	0.1	0.2	0.1	-1.4	-0.1	0.2	0.2	-0.2
Total Returns – After Fees ¹	2.2	4.7	2.2	8.5	10.8	9.2	11.9	8.8
MERCER HIGH GROWTH								
Total Returns – Before Fees	2.3	4.8	2.3	9.3	10.9	9.6	11.7	-
Benchmark Return	1.9	4.2	1.9	9.7	10.2	9.1	11.1	-
Excess Return	0.4	0.6	0.4	-0.5	0.7	0.6	0.6	-
Total Returns – After Fees ¹	2.0	4.2	2.0	8.1	9.2	8.1	10.0	-
MERCER GROWTH								
Total Returns – Before Fees	2.1	4.3	2.1	9.1	9.7	8.9	10.8	9.5
Benchmark Return	1.7	3.9	1.7	9.1	8.9	8.2	9.9	9.1
Excess Return	0.4	0.4	0.4	0.0	0.8	0.7	0.9	0.4
Total Returns – After Fees ¹	1.8	3.8	1.8	7.9	8.1	7.3	9.0	7.8
MERCER MODERATE GROWTH								
Total Returns – Before Fees	1.6	3.9	1.6	8.4	7.8	7.5	8.7	-
Benchmark Return	1.3	3.4	1.3	8.4	7.3	7.0	8.1	-
Excess Return	0.3	0.5	0.3	0.0	0.5	0.5	0.6	-
Total Returns – After Fees ¹	1.4	3.4	1.4	7.1	6.3	6.0	7.2	-
MERCER CONSERVATIVE GROWTH								
Total Returns – Before Fees	1.3	3.2	1.3	7.3	6.2	6.2	6.7	6.9
Benchmark Return	1.0	3.1	1.0	7.7	5.7	5.7	6.1	6.6
Excess Return	0.3	0.1	0.2	-0.4	0.5	0.5	0.6	0.3
Total Returns – After Fees ¹	1.1	2.8	1.1	6.0	4.6	4.7	5.2	5.4

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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This report has been prepared by Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397, Australian Financial Services Licence #244385 on behalf of Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence #235906 which is the trustee of the Mercer Super Investment Trust ABN 19 905 422 981 and a wholly owned subsidiary of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 017. MSAL has appointed MIAL as fund manager of the Mercer Super Investment Trust.

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