



Mercer Funds

Quarterly report

to 31 December 2020

welcome to brighter

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Economy and markets

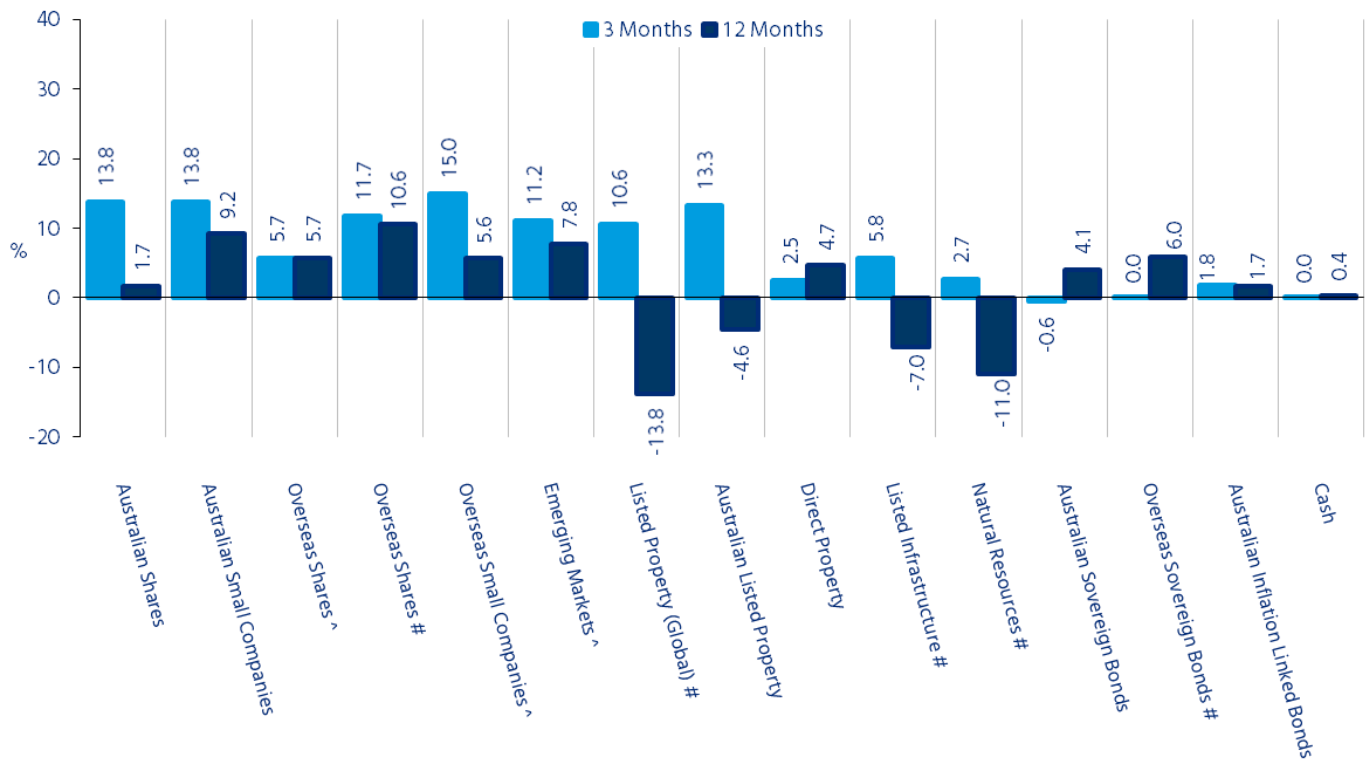
Markets achieved strong positive returns over the December quarter despite the re-imposition of restrictions as a result of a resurgence in COVID-19 cases and the spread of a new strain. Investor sentiment was encouraged by the US presidential election results, as well as the positive vaccine news and global roll-outs. Hedged Developed Overseas Shares returned 11.7% for the quarter and its Unhedged counterpart returned 5.7%, as the Australian dollar rose 7.7% against the US Dollar and 4.4% against the trade-weighted index over the past three months. Uncertainties surrounding the Brexit negotiations clouded global markets, but were resolved last minute, averting major trade disruptions in early 2021. Over the quarter, global attention focused on the US presidential election, with Joe Biden emerging as the President-elect.

Australian REITs experienced a strong quarter, returning 13.3%, but remained down by -4.6% over the 12 months to December. Similarly, global REITs were up 10.6% over the quarter and down by -13.8% over the year. This indicates investors are still discounting the large degree of uncertainty that the property market is facing after COVID-19 accelerated structural changes, such as increased telecommuting that would have normally materialised at a more gradual pace.

In comparison, defensive sovereign bonds were fairly muted over the December quarter, with Australian Government Bonds and Hedged Overseas Government Bonds returning -0.6% and 0.0% respectively. Upwards pressure on government bond yields in some regions were driven by rising inflation expectations. Inflation is no longer priced as cheaply as it was earlier in 2020 as investors began to position for an inflationary recovery once pent-up demand can be fully released into a reopened economy. Following on from the prior quarter, global investment grade credit has continued to rally, returning 2.9% for the December quarter.

The Australian share market outperformed its hedged overseas counterpart, as the S&P/ASX300 returned 13.8% over the quarter. The S&P/ASX Mid 50 was the biggest contributor returning 16.9% over Q4, whilst S&P/ASX 50 was the greatest detractor, returning 13.2%. Energy (+26.1%), IT (+22.8%) and Financials (+22.8%) were the strongest performing sectors over the quarter, while Utilities (-5.4%) and Healthcare (-1.0%) were the weakest performing sectors.

Financial market returns to 31 December 2020



NOTE:

Past performance is not a reliable indicator of future performance.

Performance shown only for asset classes that are applicable to sector Mercer Funds benchmarked against a single index.

Fully hedged return.

^ Unhedged return.

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

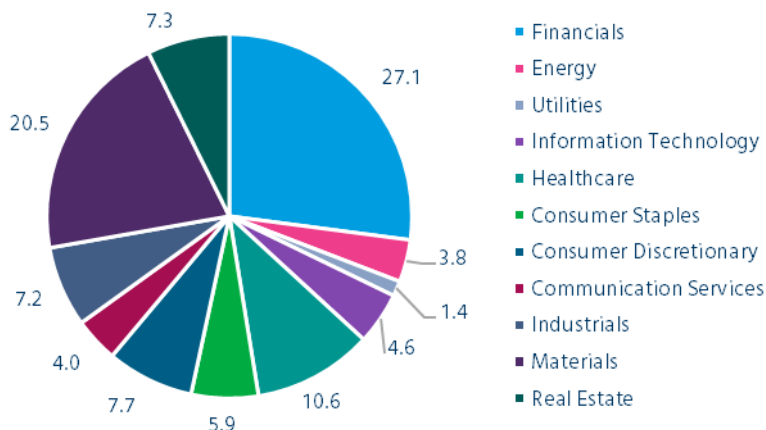
Shares

Australian shares

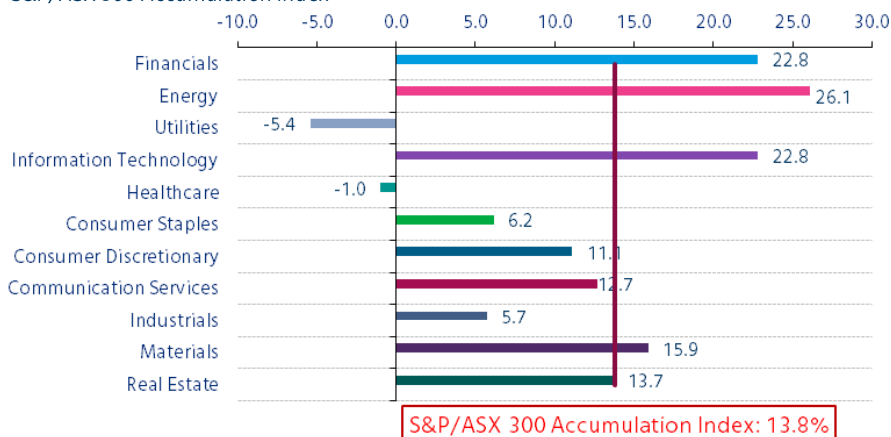
Australian shares were positive over the quarter as the S&P/ASX 300 Index returned 13.8% for the period. There was a positive movement in the small caps space with the S&P/ASX Small Ordinaries returning 13.8% for the quarter, while the worst performer was the S&P/ASX 50 returning 13.2%. The best performing sectors were Energy, IT and Financials, while the weakest performing sectors were Utilities and Healthcare. The largest positive contributors to the return of the index were CBA, Fortescue Metals Group and ANZ. On the other hand, the most significant detractors from performance were CSL, Newcrest Mining and Transurban.

Australian Shares Funds**

Benchmark weight by sector (%)
 S&P/ASX 300 Accumulation Index



Benchmark sector returns for the three months to 31 December 2020(%)
 S&P/ASX 300 Accumulation Index



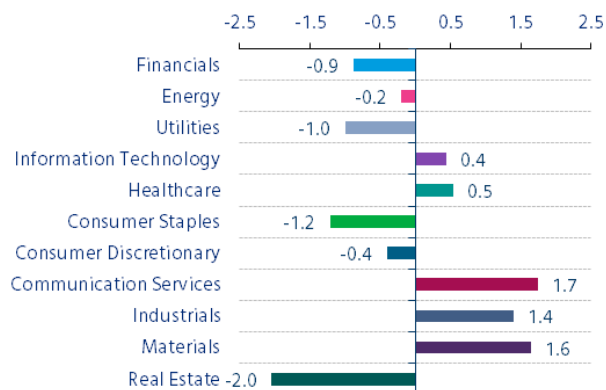
** In this Quarterly Report, ‘Australian Shares Funds’ refers to:

- Mercer Australian Shares Fund (the ‘Core Fund’)
- Mercer Australian Shares Plus Fund (the ‘Plus Fund’)

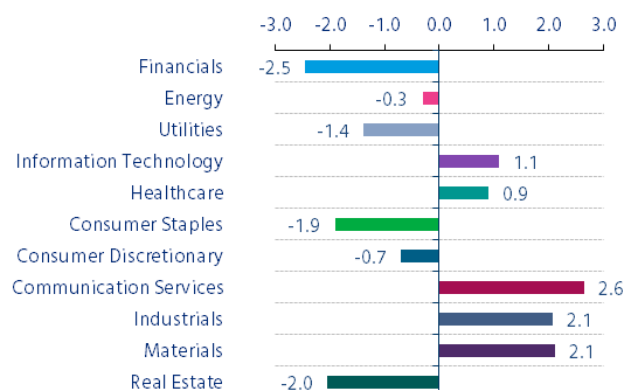
Only the sector exposure differs between the Funds. Benchmark weights etc. apply to both Funds.

Sector Exposure — Overweight/Underweight positions as at 31 December 2020 (%)

Mercer Australian Shares Fund



Mercer Australian Shares Plus Fund



NOTE: Past performance is not a reliable indicator of future performance.
Refer to page 38 – 'Important notes about this report' - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Shares

Australian shares

Mercer Australian Shares Funds and Mercer Australian Shares Plus Fund

Top 10 holdings

Mercer Australian Shares Fund	% of Fund	% of B'mark	Mercer Australian Shares Plus Fund	% of Fund	% of B'mark
BHP Group Ltd	6.7	6.6	BHP Group Ltd	6.6	6.6
CSL	6.5	6.8	CSL	6.5	6.8
Commonwealth Bank	6.2	7.6	Commonwealth Bank	5.8	7.6
National Australia Bank	4.0	3.9	National Australia Bank	4.4	3.9
ANZ Banking Group	3.9	3.4	ANZ Banking Group	3.9	3.4
Woolworths Group Ltd	2.8	2.6	Woolworths Group Ltd	2.7	2.6
Westpac Banking Corporation	2.5	3.7	Aristocrat Leisure Ltd	2.6	1.0
Macquarie Group Ltd	2.4	2.5	Macquarie Group Ltd	2.2	2.5
Aristocrat Leisure Ltd	2.1	1.0	Telstra Corporation	2.0	1.9
Telstra Corporation	2.1	1.9	James Hardie Industries Plc	2.0	0.9

Investment performance

Mercer Australian Shares Fund	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	13.8	2.0	6.8	8.9
Benchmark return	13.8	1.7	6.9	8.8
Excess return — before fees	0.0	+0.3	-0.1	+0.1
Mercer Australian Shares Plus Fund	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	14.1	3.1	7.4	9.6
Benchmark return	13.8	1.7	6.9	8.8
Excess return — before fees	+0.3	+1.4	+0.5	+0.8
Total returns (%) – after Fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Australian Shares Fund	13.6	1.1	6.0	8.0
Mercer Australian Shares Plus Fund	13.9	2.1	6.3	8.5

Manager performance

During the quarter stock selection contributed towards positive performance, whilst asset allocation detracted. Utilities (UW) and industrials (OW) were the key drivers of outperformance over the quarter, however an underweight position in consumer discretionary and information technology names were the key detractors for the quarter as growth names outperformed. Overweight holdings of both Qantas and Virgin Money were the key drivers of positive performance along with an underweight position in ASX Limited. Despite this and underweight allocation to Afterpay Limited did detract overall.

Proportion of assets managed at quarter end			Manager returns relative to fund benchmark (+ or - %) - before fees				
Managers	Core Fund	Plus Fund	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Plato Investment Management	21.2	0.0	Plato Investment Management	-0.4	+1.6	+1.1	+0.4
Greencape	14.4	20.8	Greencape	+0.1	+4.5	+2.3	+2.2
WaveStone Capital	14.2	20.5	WaveStone Capital	-0.8	-1.6	+1.7	+0.8
State Street Global Advisors	13.1	0.0	State Street Global Advisors	0.0	+0.3	+0.2	+0.1
Vinva Investment Management	11.5	16.7	Vinva Investment Management	-1.5	-1.7	-2.2	n/a
Ausbil Investment Management	10.8	15.7	Ausbil Investment Management	+3.7	+4.6	+1.7	+2.1
Firetrail	8.4	12.1	Firetrail	+4.7	+1.7	n/a	n/a
Fidelity	6.4	9.3	Fidelity	-5.7	+1.0	+7.1	+4.3
First Sentier Investors	0.0	1.4	First Sentier Investors	+3.9	+16.8	+11.5	n/a
Perennial Value Management	0.0	1.2	Perennial Value Management	+1.3	+3.3	+7.3	+6.4
Longwave Capital Partners	0.0	1.2	Longwave Capital Partners	-1.2	n/a	n/a	n/a
IFM Investors	0.0	1.2	IFM Investors	+1.4	+15.5	+3.7	+1.4

Mercer Passive Australian Shares Fund

Total returns (%) – after Fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Passive Australian Shares Fund	13.8	1.7	6.5	8.6

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

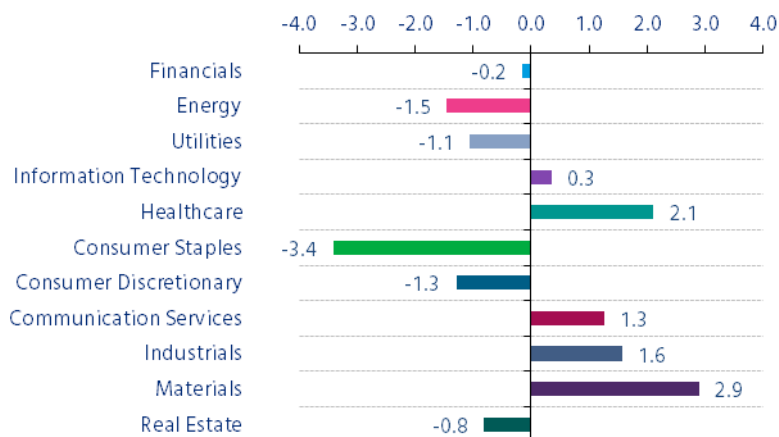
Shares

Australian shares – socially responsible

Australian shares were positive over the quarter as the S&P/ASX 300 Index returned 13.8% for the period. There was a positive movement in the small caps space with the S&P/ASX Small Ordinaries returning 13.8% for the quarter, while the worst performer was the S&P/ASX 50 returning 13.2%.

Mercer Socially Responsible Australian Shares Fund

Sector Exposure — Overweight/Underweight positions as at 31 December 2020(%)



Top 10 holdings

Stock	% of Fund	% of Benchmark
Commonwealth Bank	8.2	7.6
CSL	7.3	6.8
BHP Group Ltd	7.3	6.6
ANZ Banking Group	4.1	3.4
National Australia Bank	4.1	3.9
Macquarie Group Ltd	3.0	2.5
Goodman Group Pty Ltd	3.0	1.7
Fortescue Metals Group Ltd	2.9	2.0
Wesfarmers	2.7	3.0
Telstra Corporation	2.5	1.9

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	14.4	6.0	7.5	8.9
Benchmark return	13.8	1.7	6.9	8.8
Excess return — before fees	+0.6	+4.3	+0.6	+0.1

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Socially Responsible Australian Shares Fund	14.2	4.9	6.5	7.9

Manager performance

During the quarter, stock selection contributed towards positive performance, whilst asset allocation slightly detracted. Underweight allocations to consumer staples drove outperformance over the quarter along with the overweight positioning in materials. The overweight positioning in healthcare was the main detractor for the quarter. At a security level, underweight allocations to both Newcrest Mining and ASX Limited contributed positively to returns, as did an overweight position in Fortescue Metals. Despite this, an underweight allocation to Afterpay Limited and an overweight allocation to Megaport Limited detracted.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Acadian Asset Management	39.5	Acadian Asset Management	+0.3	+1.9	+1.1	+0.9
Alphinity Investment Management	32.1	Alphinity Investment Management	-0.2	+5.3	n/a	n/a
Pendal Group Limited	28.4	Pendal Group Limited	+2.6	+5.2	+1.7	+0.9

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Shares

Australian shares – tax exempt investors

Australian equities were positive over the quarter as the S&P/ASX 300 Accumulation Index Gross of Franking Credits returned 13.9% for the period.

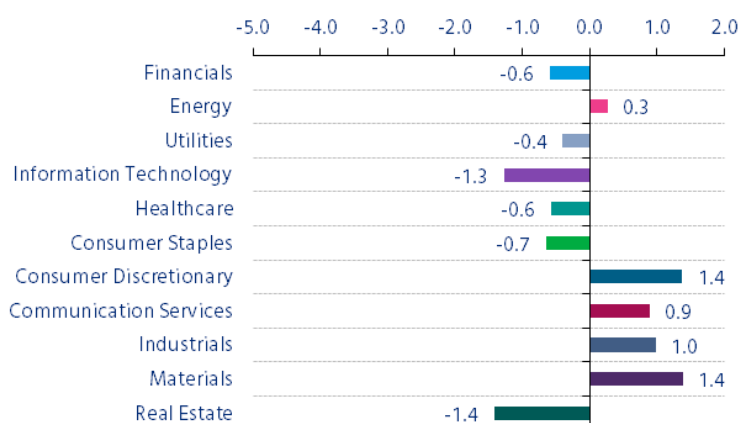
The best performing sectors were Energy, IT and Financials, while the weakest performing sectors were Utilities and Healthcare. The largest positive contributors to the return of the index were CBA, Fortescue Metals Group and ANZ. On the other hand, the most significant detractors from performance were CSL, Newcrest Mining and Transurban.

Top 10 holdings

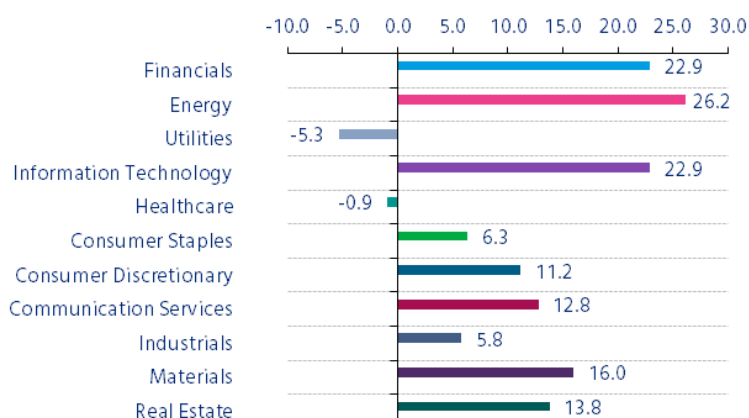
Stock	% of Fund	% of B'mark
Commonwealth Bank	6.9	7.6
BHP Group Ltd	6.6	6.6
CSL	6.0	6.8
National Australia Bank	5.0	3.9
ANZ Banking Group	3.4	3.4
Wesfarmers	3.3	3.0
Fortescue Metals Group	2.6	2.0
Woolworths Group Ltd	2.3	2.6
Westpac	2.3	3.7
Telstra Corporation	2.1	1.9

Mercer Australian Shares Fund for Tax Exempt Investors

Sector Exposure — Overweight/Underweight positions as at 31 December 2020 (%)



Benchmark sector returns for the three months to 31 December 2020 (%)
 S&P/ASX 300 Accumulation Index Gross of Franking Credits



Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	14.2	4.6	9.9	11.3
Benchmark return	13.9	2.7	8.3	10.3
Excess return — before fees	+0.3	+1.9	+1.6	+1.0

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Australian Shares Fund for Tax Exempt Investors	14.0	3.7	8.8	10.2

Manager performance

During the quarter stock selection contributed towards positive performance, whilst asset allocation detracted. Underweight allocations to healthcare and utilities drove outperformance over the quarter, with an underweight positioning in information technology detracting from overall performance. Stock selection, through an overweight holding in ANZ Banking Group and ResMed Inc. were the key drivers of performance, however underweight holdings in Commonwealth Bank of Australia and Afterpay Limited did detract from outperformance over the quarter.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Macquarie Investment Management	41.6	Macquarie Investment Management	+0.2	+3.3	+2.7	+3.2
Plato Investment Management	29.5	Plato Investment Management	-0.5	+2.6	+2.3	+0.6
Wavestone	17.3	Wavestone	-0.8	-1.4	n/a	n/a
Firetrail	11.6	Firetrail	+4.7	+1.6	n/a	n/a

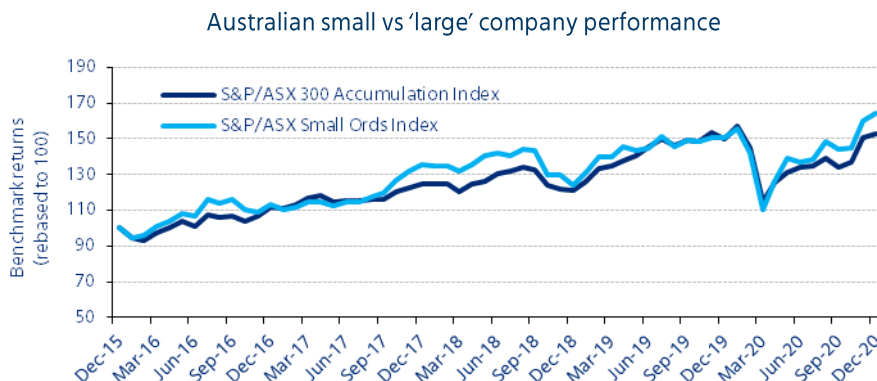
NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Shares

Australian shares – small companies

The fund performance was positive over the December quarter with the asset class returning 13.8% for the period. Australian Small Companies performed in line with the broad capitalisation index over the quarter.



Mercer Australian Small Companies Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	15.1	20.6	12.5	12.9
Benchmark return	13.8	9.2	6.6	10.5
Excess return — before fees	+1.3	+11.4	+5.9	+2.4

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Australian Small Companies Fund	14.7	18.7	11.0	11.5

Manager performance

Performance has been strong over the fourth quarter as the small cap market segment continued its recovery. Individual stock selection has been positive over the quarter while sector allocation and the funds' cash exposure was a slight drag on performance. Despite a resurgence in COVID-19 cases across NSW and Victoria over the quarter, markets were buoyant on the mass vaccine rollout and the outcome of US elections. At the security level, underweight positions in Mesoblast, Regis Resources and Chorus whilst an overweight position in NRW Holdings were the largest positive contributors. Overweight exposures in Marley Spoon and Finesco Corporation were key detractors.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	3 months	1 year	3 years (p.a.)	5 years (p.a.)	
First Sentier Investors	28.0	+3.9	+16.8	+11.5	n/a	
Perennial Value Management	24.2	+1.3	+3.3	+7.3	+6.4	
Longwave Capital Partners	24.2	-1.2	n/a	n/a	n/a	
IFM Investors	23.6	+1.4	+15.5	+3.7	+1.4	

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 Refer to page 39 for Asset class benchmarks.

Shares

International shares

The broad MSCI World ex Australia (NR) increased 11.7% in hedged terms and increased 5.7% in unhedged terms over the quarter, as the AUD appreciated against major currencies over the period. The strongest performing sectors were Energy and Financials, while Consumer Staples and Healthcare were the worst performers. Other global shares were also positive as the MSCI Small Caps (TR) Index increased 15.1% and the MSCI Emerging Markets (NR) Index returned 11.2%, all in AUD terms.

Over the December quarter, the NASDAQ increased 15.4%, the S&P 500 Composite Index increased 12.1% and the Dow Jones Industrial Average increased 10.7%, all in USD terms. Most European markets experienced positive returns, with the FTSE 100 United Kingdom (UK) increasing 10.9%, the CAC 40 (France) increasing 15.8% and the DAX 30 (Germany) increasing 7.5%, all in local currency terms. Equity returns were positive across Asia as the Indian BSE 500 increased 23.2%, the SSE Composite (China) increased 7.9%, the Japanese TOPIX increased 11.2% and the Hang Seng (Hong Kong) increased 16.2%, all in local currency terms.

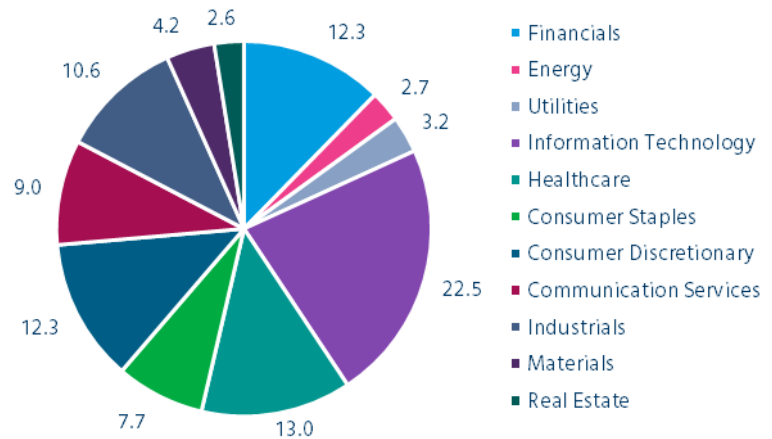
** In this Quarterly Report, ‘International shares funds’ refers to:

- Mercer International Shares Fund
 - Mercer Hedged International Shares Fund
- Benchmark weights etc. apply to all international shares funds.

International Shares Funds**

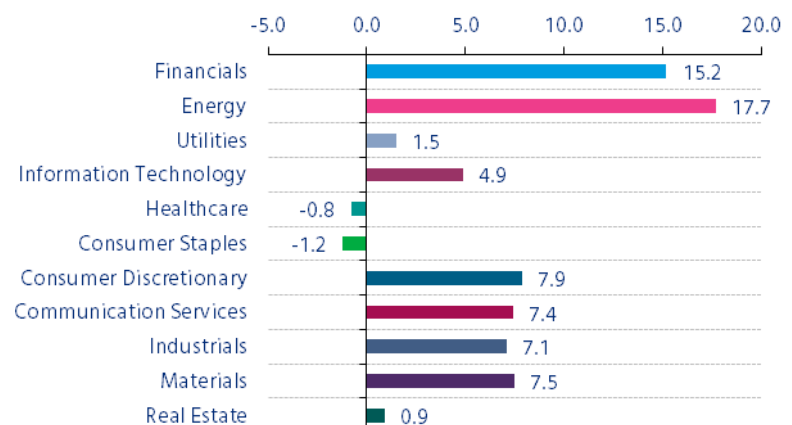
Benchmark weights by sector (%)

MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



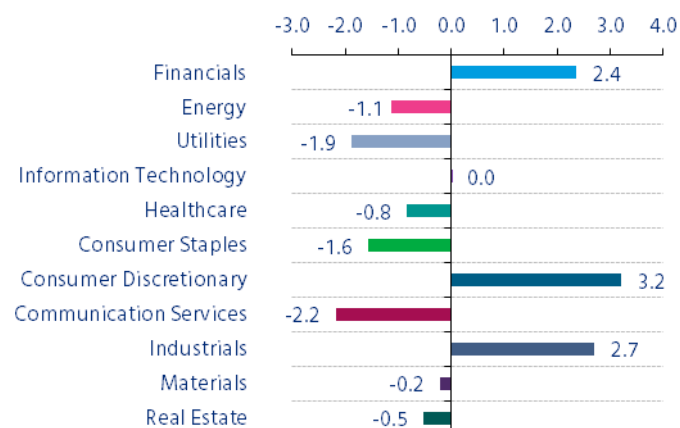
Benchmark sector returns for the three months to 31 December 2020 (%)

MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



Sector Exposure — Overweight/Underweight positions as at 31 December 2020 (%)

Mercer International Shares Fund Mercer Hedged International Shares Fund



NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'important notes about this report' - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

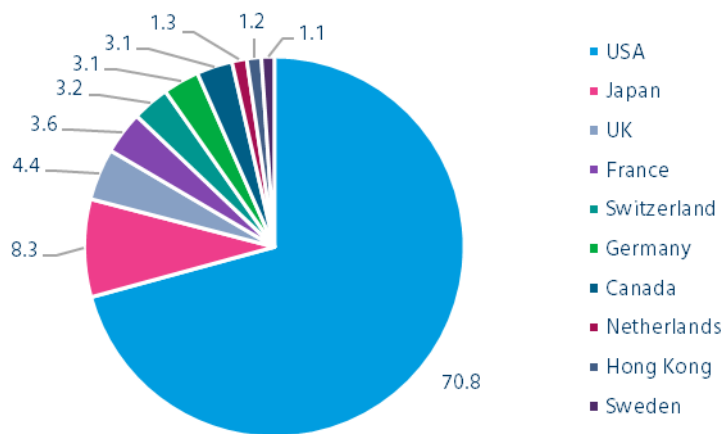
Shares

International shares

International Shares Funds**

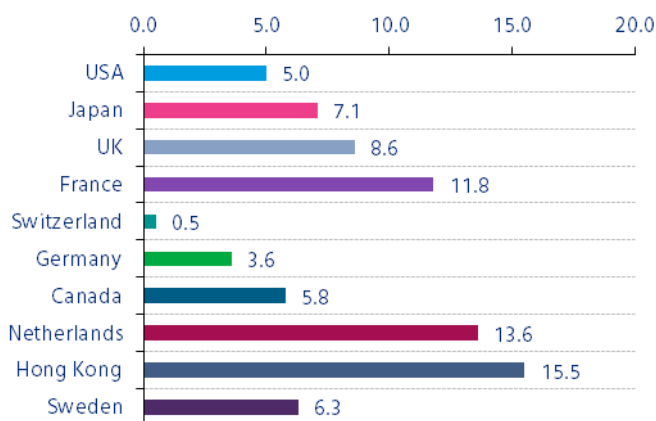
Benchmark weights – Top 10 countries (%)

MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



Top 10 countries' benchmark returns for the three months to 31 December 2020 (%)

MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



** In this Quarterly Report, 'International Shares Funds' refers to:

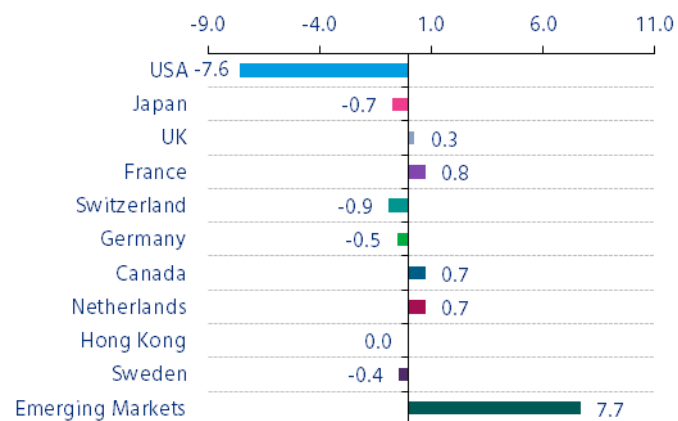
- Mercer International Shares Fund
- Mercer Hedged International Shares Fund

Benchmark weights etc. apply to all funds.

Exposure to top 10 countries - Overweight/Underweight positions as at 31 December 2020 (%)

Mercer International Shares Fund

Mercer Hedged International Shares Fund



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Refer to page 38 – 'Important notes about this report' - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Shares

International shares

Mercer International Shares Fund

Mercer Hedged International Shares Fund

Top 10 holdings

Stock	% of Fund	% of Benchmark
Amazon	2.3	2.8
Microsoft Corp	2.1	3.2
Apple	1.9	4.5
Alphabet Inc	1.3	2.1
Tesla Inc	1.2	1.0
Facebook Inc	1.1	1.3
Charles Schwab Corp	1.0	0.2
Intact Financial Corp	0.9	0.0
Samsung Electronics Co Ltd	0.9	0.0
Novartis	0.9	0.4

Investment performance

Mercer International Shares Fund	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	6.7	6.3	11.6	11.9
Benchmark return — before fees:	5.7	5.7	11.2	10.9
Excess return — before fee:	+1.0	+0.6	+0.4	+1.0
Mercer Hedged International Shares Fund	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	12.9	11.0	9.3	12.3
Benchmark return — before fees:	11.7	10.6	9.0	11.4
Excess return — before fees	+1.2	+0.4	+0.3	+0.9
Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer International Shares Fund	6.4	5.3	10.5	10.8
Mercer Hedged International Shares Fund	12.7	10.0	8.3	11.2

Manager performance

The fund outperformed the benchmark over the quarter by 1.0%. Strong contributions from Baillie Gifford and Arrowstreet offset underperformance from the other managers. Asset selection had minimal contribution, whilst stock selection was the key contributor to excess returns. Overweight holdings in Pinduoduo Inc, Charles Schwab and an underweight holding in Apple were key contributors.

Proportion of assets managed at quarter end			Manager returns relative to fund benchmark (+ or - %) - before fees				
Managers	Unhedged %	Hedged %	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Schroder Investment Management	35.4	34.9	Schroder Investment Management	-1.0	-4.0	-2.5	-1.8
Arrowstreet	19.1	19.2	Arrowstreet	+2.2	-0.3	+2.8	+3.7
Wellington	14.1	14.2	Wellington	-0.8	-7.0	n/a	n/a
Maj Invest Global Value Mandate	12.5	12.6	Maj Invest Global Value Mandate	n/a	n/a	n/a	n/a
AllianceBernstein	10.2	10.3	AllianceBernstein	0.0	n/a	n/a	n/a
Baillie Gifford	8.8	8.8	Baillie Gifford	+5.2	n/a	n/a	n/a

Mercer Passive International Shares Fund

Mercer Passive Hedged International Shares Fund

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Passive International Shares Fund	5.7	6.0	11.3	11.0
Mercer Passive Hedged International Shares Fund	11.9	10.8	9.1	11.4

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Shares

Socially responsible global shares

Mercer Socially Responsible Global Shares Fund – Unhedged Units

Mercer Socially Responsible Global Shares Fund – Hedged Units

Top 10 holdings

Stock	% of Fund	% of Benchmark
Microsoft Corp	1.7	3.1
Vestas Wind Systems A/S	1.7	0.1
Danaher Corp	1.5	0.3
Orsted A/S	1.5	0.1
Ecolab Inc	1.4	0.1
Schneider Electric Se	1.3	0.2
Adobe Inc	1.3	0.5
Aptiv Plc	1.2	0.1
Mastercard	1.2	0.6
Ebay Inc	1.1	0.1

Investment performance

Mercer Socially Responsible Global Shares Fund – Unhedged Units	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	6.9	13.5	12.3	n/a
Benchmark return — before fees:	5.9	5.6	11.0	n/a
Excess return — before fee:	+1.0	+7.9	+1.3	n/a
Mercer Socially Responsible Global Shares Fund – Hedged Units	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	12.8	19.7	11.2	n/a
Benchmark return — before fees:	11.8	10.3	9.0	n/a
Excess return — before fees	+1.0	+9.4	+2.2	n/a
Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Socially Responsible Global Shares Fund – Unhedged Units	6.6	12.5	11.4	n/a
Mercer Socially Responsible Global Shares Fund – Hedged Units	12.6	18.6	10.3	n/a

Manager performance

The portfolio outperformed the broad market index over the quarter leaving it significantly ahead over the one-year period. Stock selection was the key driver of returns over the quarter, particularly within IT. Wellington was the star performer with its tilt to small cap stocks, which had a stellar quarter, and its strong stock selection, both driving positive relative returns. SSGA underperformed the benchmark over 2020 caused by a tilt to value stocks which have struggled in a market dominated by the mega-cap growth names. However, the strategy continues to play an important role in balancing the risk profile of the overall Fund. Four of the five managers have delivered returns well in excess of the benchmark over the one-year period, with Mirova in particular the stand-out performer.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Managers	Unhedged %	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Dublin	100.0	Mercer Dublin	+1.3	+7.6	+1.5	n/a

Manager allocation

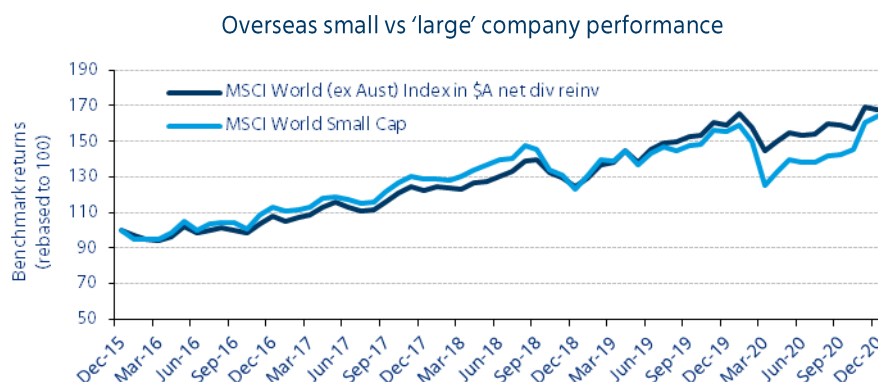
Manager	%
Impax	15.0
Mirova	25.0
SSGA	30.0
Stewart	15.0
Wellington	15.0

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Shares

Global shares – small companies

In unhedged AUD terms, the Global Small Cap sector increased 15.1%, outperforming global large cap stocks.



Mercer Global Small Companies Shares Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	14.7	7.5	9.6	10.3
Benchmark return	15.0	5.6	8.5	10.4
Excess return — before fees	-0.3	+1.9	+1.1	-0.1

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Global Small Companies Shares Fund	14.7	6.6	8.5	9.2

Manager performance

The fund underperformed versus its benchmark over the quarter. Sector allocation contributed positively over the quarter whilst stock selection detracted modestly. Country allocation was also a positive contributor. Real estate (UW), industrials (UW) and financials (UW) contributed to sector allocation performance.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Arrowstreet	35.0	Arrowstreet	+3.3	+4.8	+4.1	+4.1
Lazard Asset Management	24.7	Lazard Asset Management	-2.5	-5.2	n/a	n/a
KBI Global Investors	24.6	KBI Global Investors	-2.8	-14.5	n/a	n/a
Baillie Gifford	15.7	Baillie Gifford	-0.6	+61.5	n/a	n/a

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Shares

Global shares – low volatility

Mercer Global Enhanced Low Volatility Shares Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	-0.9	-9.6	4.6	6.4
Benchmark return	-1.5	-6.5	7.4	7.9
Excess return — before fees	+0.6	-3.1	-2.8	-1.5

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Global Enhanced Low Volatility Shares Fund	-1.0	-9.8	4.3	6.0

Manager performance

The fund outperformed the benchmark over the quarter by 0.5%. Sector allocation was negative for the quarter with a large overweight to consumer staples being the greatest detractor. Positive stock selection more than offset allocation effects with overweight exposures in F5 Networks, United therapies Corp and Barrick Gold contributing to relative performance.

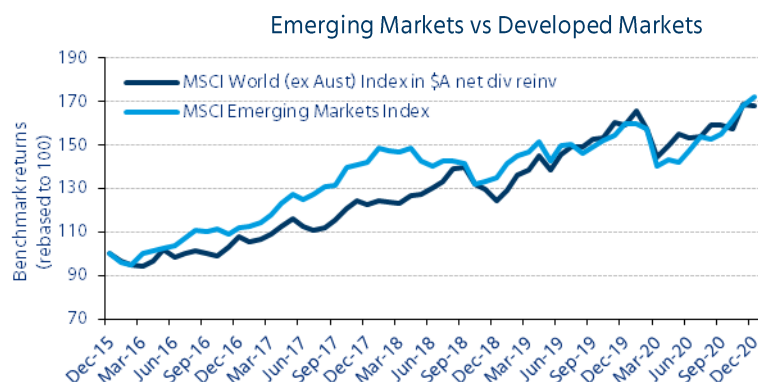
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Acadian	100.0	Acadian	+0.5	-3.1	-3.3	-2.0

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

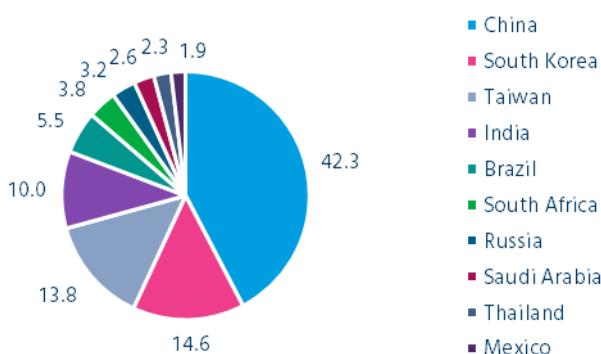
Shares

Emerging markets shares

In unhedged AUD terms, Emerging Markets (NR) returned 11.2%, outperforming developed markets.



Benchmark weights – Top 10 countries (%) (MSCI Emerging Markets Index)



Mercer Emerging Markets Shares Fund

Investment performance

Mercer Emerging Markets Shares Fund	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	10.9	7.2	7.2	12.0
Benchmark return	11.2	7.8	6.7	11.5
Excess return — before fees	-0.3	-0.6	+0.5	+0.5
Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Emerging Markets Shares Fund	10.7	6.2	6.1	10.9

Manager performance

The fund underperformed the index over the quarter by 0.3%. Asset allocation detracted slightly from performance, with stock selection contributing positively to performance. Materials (OW) was the lowest contributor from a sector allocation perspective with consumer discretionary (OW), financials (OW) and information technology (UW) being the largest contributors. Cash holdings detracted from performance as markets rallied strongly over the quarter. From a country perspective, Korea (UW), Hong Kong (UW) and Saudi Arabia (OW) were the key contributors to performance with India (OW) detracting the most from performance. From a stock perspective, Alibaba (UW), Reliance Industries (UW) and Taiwan Semiconductor (OW) were key contributors whilst Pinduoduo (UW) and Samsung (UW) were the largest detractors.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
BlackRock Investment Management	37.6	BlackRock Investment Mgmt	-1.5	-2.6	-0.5	+0.9
Macquarie Invesment Management	25.3	Macquarie Invesment Mgmt	+3.5	-11.0	-4.1	-3.1
William Blair	25.0	William Blair	-1.7	+9.8	n/a	n/a
AQR Small Cap	12.2	AQR Small Cap	-2.0	+2.1	+3.1	+3.5

Mercer Passive Emerging Markets Shares Fund

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Passive Emerging Markets Shares Fund	11.1	7.6	6.4	11.2

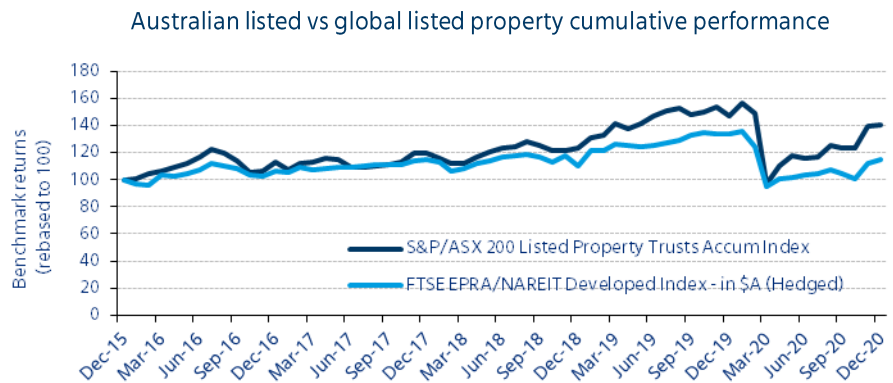
NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Real assets

Global listed property

Australian Real Estate Investment Trusts (REITs) were up 13.2% over the quarter and hedged Global REITs increased 10.8% (in AUD terms).



Mercer Global Listed Property Fund

Investment performance

Mercer Global Listed Property Fund	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	10.0	-12.0	1.8	4.3
Benchmark return	10.6	-13.8	0.1	2.9
Excess return — before fees	-0.6	+1.8	+1.7	+1.4
Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Global Listed Property Fund	9.7	-12.9	0.8	3.2

Manager performance

The Fund underperformed over the quarter by 0.6%, but has outperformed by 1.8% over the past 12 months. Stock selection was the key driver of relative performance as overweight holdings in American Tower Corp, American Homes 4 Rent, Vonovia SE, Prologis Inc and Equinix Inc were each detractors to relative performance.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Principal Global Investors	61.1	Principal Global Investors	-1.8	+3.1	+3.5	+2.7
Brookfield Investment Management	38.9	Brookfield Investment Management	+0.8	-1.3	-1.3	+0.2

Mercer Passive Global Listed Property Fund

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Passive Global Listed Property Fund	10.6	-13.1	0.1	2.6

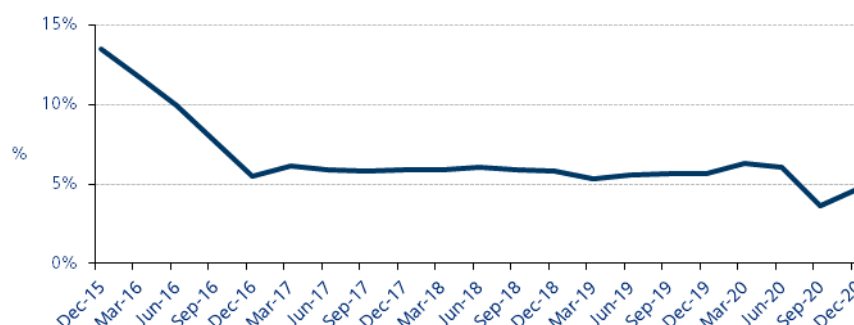
NOTE: Past performance is not a reliable indicator of future performance.
Refer to page 38 – 'Important notes about this report' - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Real assets

Australian direct property

The Australian unlisted property sector (NAV) increased 0.8% over the quarter (one-month lagged basis).

Direct Property – 12 month Rolling Benchmark Return



Note: The indices used in the graph (above) are: Before 1/9/2009: Mercer Unlisted Property Funds Index
After 1/9/2009: Mercer/IPD Australian Pooled Property Fund Index. Effective January 2016 CPI+4%

Mercer Australian Direct Property Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	1.8	3.6	8.2	10.4
Benchmark return	2.5	4.7	5.4	5.5
Excess return — before fees	-0.7	-1.1	+2.8	+4.9

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Australian Direct Property Fund	1.4	2.2	6.8	9.0

Manager performance

The fund outperformed the Mercer/MSCI Wholesale Property Fund Index by 500bps over 12 months and 350bps over 3 years. It underperformed the CPI+4% benchmark over 1 year but has outperformed over all other periods since inception.

The COVID pandemic continues to impact commercial Real Estate: Discretionary Retail assets (10% of portfolio) have been most affected by restrictions implemented by authorities. Supermarkets and Logistics (31% of portfolio) have been relative beneficiaries of the pandemic. Office assets (50% of portfolio) are facing a slowing rental market but generally have long-term leases to large high quality Corporate and Government tenants. Portfolio occupancy is high at 97%.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Investa Property Group	27.5	Investa Property Group	-1.0	+0.2	+6.3	+8.5
Charter Hall Industrial	22.6	Charter Hall Industrial	-1.2	+7.1	+6.0	+6.6
Dexus Wholesale Property Fund	16.7	Dexus Wholesale Property Fund	-1.1	-5.5	+1.6	n/a
Charter Hall Retail	12.1	Charter Hall Retail	-1.0	0.0	-1.5	+4.4
Goodman Funds Management	7.3	Goodman Funds Management	+1.2	+11.7	+13.1	+14.2
Investa SPV	7.0	Investa SPV	+3.2	+6.3	+7.3	n/a
Lend lease Investment Management (APPF Retail)	2.6	Lend lease Investment Management (APPF Retail)	-3.2	-22.4	-11.5	-5.7
GPT Wholesale Office Fund	2.4	GPT Wholesale Office Fund	-0.9	n/a	n/a	n/a
AMP Capital Shopping Centre Fund	1.9	AMP Capital Shopping Centre Fund	-0.6	-20.7	n/a	n/a

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Real assets

Passive Australian property

Mercer Passive Australian Listed Property Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	13.2	-3.7	5.6	7.0
Benchmark return	13.3	-4.6	5.4	7.0
Excess return — before fees	-0.1	+0.9	+0.2	0.0

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Passive Australian Listed Property Fund	13.2	-4.1	5.2	6.7

Manager performance

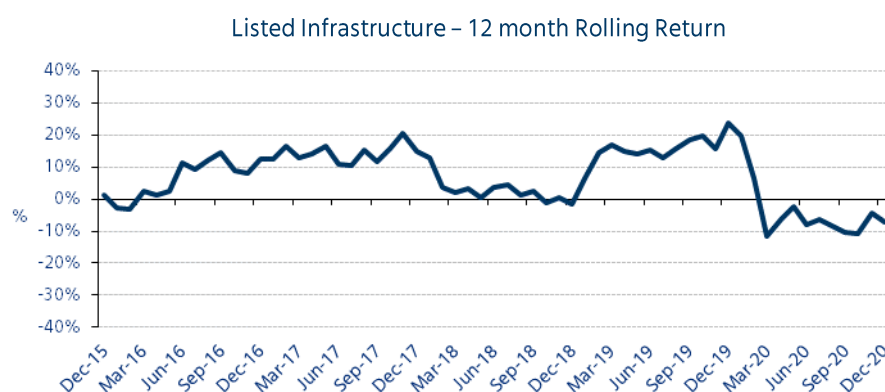
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Macquarie Investment Management	100.0	Macquarie Investment	0.0	+0.3	0.0	-0.1

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Real assets

Global listed infrastructure

Global Core Listed Infrastructure 50/50 index increased 6.0% for the quarter in hedged AUD terms.



Note The index used in the graph (above) is the FTSE Global Core 50/50 Index in A\$ Hedged.

Mercer Global Listed Infrastructure Fund

Investment performance

Mercer Global Listed Infrastructure Fund	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	5.3	-8.0	4.2	8.2
Benchmark return	5.8	-7.0	4.2	7.9
Excess return — before fees	-0.5	-1.0	0.0	+0.3
Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Global Listed Infrastructure Fund	5.1	-9.0	3.3	7.1

Manager performance

The Fund underperformed over the quarter by -0.5%. Stock selection was a key driver of underperformance over the quarter, as well as the negative contribution from the overweight allocation to Cash, primarily from Magellan. Key detractors from performance included Koninklijke Vopak (OW), Xcel Energy (OW), Eversource Energy (OW) and Atmos Energy Group (OW). Conversely, holdings in American Electric Power Company (UW), China Gas Holdings (OW) and SSE PLC (OW) contributed positively to Fund performance over the quarter.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
First Sentier Investors	61.8	First Sentier Investors	+1.4	+1.0	+0.5	+1.6
Magellan Asset Management	38.2	Magellan Asset Management	-3.0	-4.1	n/a	n/a

Mercer Passive Global Listed Infrastructure Fund

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Passive Global Listed Infrastructure Fund	5.2	-8.3	3.5	7.2

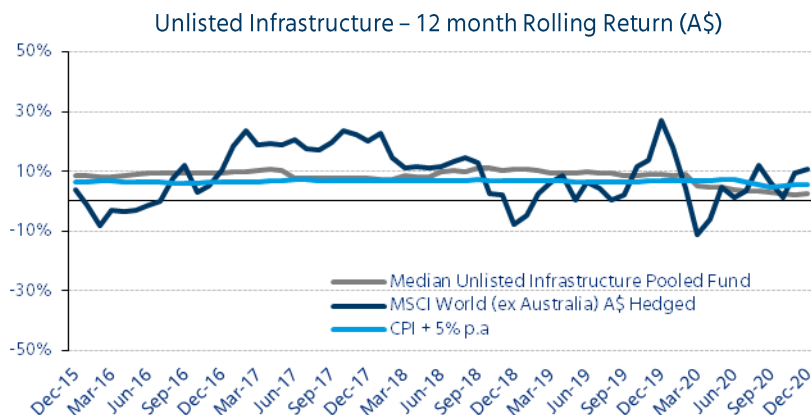
NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Real assets

Global unlisted infrastructure

The unlisted infrastructure sector rose over the quarter as investor sentiment was broadly positive on the back of vaccine news and global roll-outs.



Mercer Global Unlisted Infrastructure Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	5.5	15.0	13.5	15.6
Benchmark return	2.7	5.7	5.9	5.4
Excess return — before fees	+2.8	+9.3	+7.6	+10.2

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Global Unlisted Infrastructure Fund	5.1	12.8	10.8	12.1

Manager performance

The fund posted a strong return for the quarter due mainly to Macquarie Mercer Infrastructure Trust (“MMIT”), which was particularly assisted by the sale of toll road asset Elizabeth River Tunnels (United States). First Sentier Investors (FSI) Infrastructure Income Fund also performed well due to a revaluation of renewable energy asset Finerge (Portugal). Finerge is a co-investment as well as being an exposure through the FSI fund.

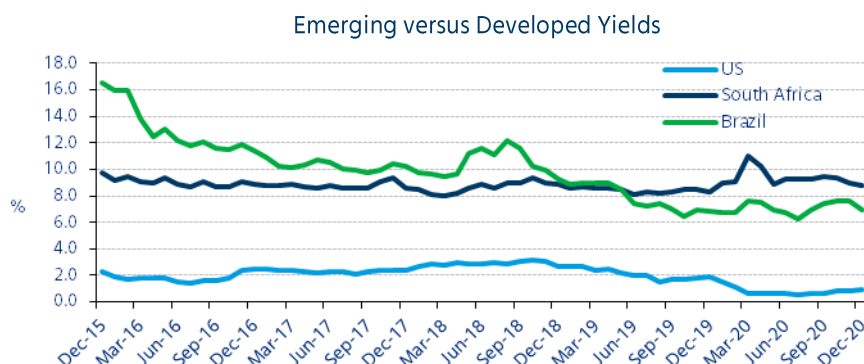
During the quarter, a call was paid to fund a commitment to energy asset Egelclaw Midstream (United States), which is a co-investment managed by I-Squared Capital. Distributions were received from the Finerge co-investment, KKR Global Infrastructure Fund II and Axiom Infrastructure NA IV.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
KKR	29.0	KKR	-2.6	+21.5	+13.3	+10.1
Macquarie Specialised Asset Management	14.8	Macquarie Specialised Asset Mgmt	+32.0	+45.5	+22.0	+28.5
First Sentier Investors	14.3	First Sentier Investors	+3.4	+3.3	+4.5	+5.8
Macquarie Asia Infrastructure Fund	12.3	Macquarie Asia Infrastructure Fund	-2.4	-0.3	+2.5	+4.1
IFM Investors	12.2	IFM Investors	-0.9	-4.6	+2.5	+7.0
Stonepeak Infrastructure Partners	4.9	Stonepeak Infrastructure Partners	-0.6	-1.8	+2.8	n/a
JP Morgan	4.1	JP Morgan	n/a	n/a	n/a	n/a
Axiom Infrastructure	3.6	Axiom Infrastructure	-3.0	-2.1	n/a	n/a
First Sentier Investors	3.0	First Sentier Investors	+8.0	+10.4	+7.4	+7.2
I-Squared Capital	1.8	I-Squared Capital	-3.1	-17.5	n/a	n/a

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Growth fixed interest Emerging markets debt

Emerging market debt returns were positive over the December quarter, returning 1.8% on an unhedged basis.



Mercer Emerging Market Debt Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	3.4	-4.7	3.2	6.1
Benchmark return	1.8	-6.4	3.5	5.5
Excess return — before fees	+1.6	+1.7	-0.3	+0.6

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Emerging Markets Debt Fund	3.1	-5.9	1.9	4.9

Manager performance

The fund returned 3.4% over Q4 2020, outperforming the benchmark index by 1.6%. All three managers added value in the quarter by taking advantage of the increase in emerging market assets towards the end of 2020.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Colchester Global Investors	33.5	Colchester Global Investors	+3.0	+2.2	+1.9	n/a
Wellington Management	33.3	Wellington Management	+1.3	+1.8	n/a	n/a
BlackRock	33.2	BlackRock	+0.4	+1.4	-2.1	n/a

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Growth fixed interest

Global high yield bond

Mercer Global High Yield Bond Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	5.6	3.6	4.9	7.7
Benchmark return	5.3	3.7	5.0	7.8
Excess return — before fees	+0.3	-0.1	-0.1	-0.1

Manager performance

The fund has returned 5.6% on a quarterly basis in absolute terms, and outperformed its benchmark by 0.3% for the December quarter. The fund invests into the Dublin Global High Yield Fund, which has two underlying managers, Nomura and PGIM. The Dublin fund is managed against an up-in-quality benchmark (excluding CCC's and EM), however, we have allowed our managers a c. 15% "flex" into CCC where they deem appropriate.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer (Dublin)	100.0	Mercer (Dublin)	+0.4	-0.2	-0.1	-0.1

NOTE: Past performance is not a reliable indicator of future performance.
Refer to page 38 – 'Important notes about this report' - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Growth fixed interest Global private debt

Mercer Global Private Debt Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	3.8	4.6	6.5	7.0
Benchmark return	0.8	3.4	4.3	4.6
Excess return — before fees	+3.0	+1.2	+2.2	+2.4

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Global Private Debt Fund	3.5	3.7	5.6	6.1

Manager performance

The fund has outperformed its Cash + 3% benchmark by 3.0% over the fourth quarter of 2020, with positive contributions from all managers in the portfolio. This was a turnaround from the prior quarter where the fund had marginally underperformed the benchmark as valuation provisioning due to COVID-19 was unwound. The portfolio has been markedly resilient during global pandemic, with a strong focus on defensive sectors and senior debt in the capital structure. Over the longer-term, the fund has achieved positive excess returns over the 3 and 5 year time periods to 31 December 2020, exceeding the benchmark by more than 2% per annum. A new Metrics strategy was added to the fund during the quarter. The Metrics Capital Partners Secured Private Debt Fund II is a diversified portfolio of Australian corporate and real estate loans and has performed strongly since its inception in 2017.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Metrics Credit Partners	36.4	Metrics Credit Partners	+7.3	+7.9	+7.4	+7.1
Audax Group	28.9	Audax Group	+2.6	+1.5	+3.5	+4.0
MCP Secured Private Debt Fund II	14.2	MCP Secured Private Debt Fund II	n/a	n/a	n/a	n/a
Intermediate Capital Group	8.1	Intermediate Capital Group	+4.9	+5.2	+8.3	+9.0
HPS Australian Loan Platform Unit Trust	5.9	HPS Australian Loan Platform Unit Trust	+0.4	n/a	n/a	n/a
Westbourne Capital	4.9	Westbourne Capital	+2.2	+7.8	+6.4	+6.9
Ares European Credit Investments (IV) A, L.P.	1.6	Ares European Credit Inv's (IV) A, L.P.	n/a	n/a	n/a	n/a

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Defensive fixed interest

Global absolute return bond

Mercer Global Absolute Return Bonds

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	2.9	4.3	3.4	3.2
Benchmark return	0.3	1.4	2.3	2.5
Excess return — before fees	+2.6	+2.9	+1.1	+0.7

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Global Absolute Return Bonds	2.8	3.5	2.8	2.5

Manager performance

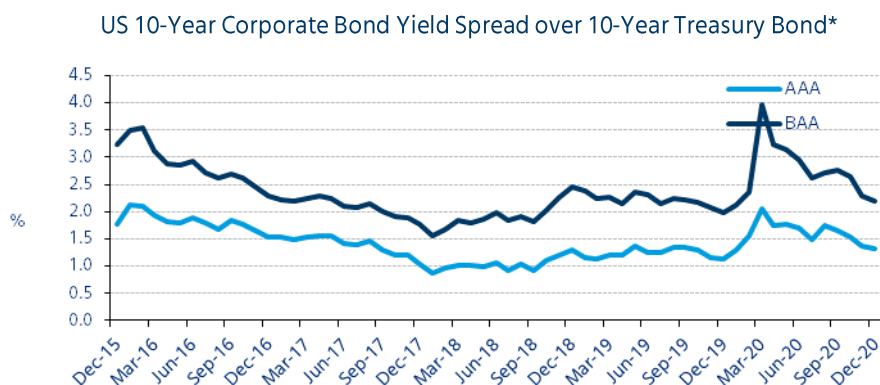
The fund returned 2.9% over the December quarter, outperforming the bank bills index by 2.7%. All of the managers in the fund delivered positive excess returns over the quarter. The H2O Adagio strategy was terminated over the quarter and a new strategy will be implemented in early 2021.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Newton Investment Management	31.3	Newton Investment Management	+2.1	+3.1	n/a	n/a
Payden & Rygel	26.3	Payden & Rygel	+2.1	-0.4	n/a	n/a
T Row Price	21.3	T Row Price	+2.7	+9.5	+2.3	n/a
Aviva Investors	21.1	Aviva Investors	+3.5	+1.1	n/a	n/a

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Defensive fixed interest Global credit

Global credit returns were positive, returning 2.2% on a hedged basis over the December quarter, with spreads contracting.



Mercer Global Credit Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	2.4	7.1	5.6	5.9
Benchmark return	2.2	6.5	5.2	5.6
Excess return — before fees	+0.2	+0.6	+0.4	+0.3

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — after fees:	2.3	6.6	5.1	5.4

Manager performance

The fund delivered a 2.4% return over the December quarter, outperforming its benchmark by 0.2%. Both Robeco and Wellington delivered positive alpha in the quarter, whilst AXA's buy and maintain mandate underperformed the benchmark.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Wellington Management	44.6	Wellington Management	+0.5	+0.7	+0.5	+0.7
Robeco	30.1	Robeco	+0.2	+2.0	+1.2	n/a
AXA Investment Managers	25.3	AXA Investment Managers	-0.2	-0.7	-0.2	-0.5

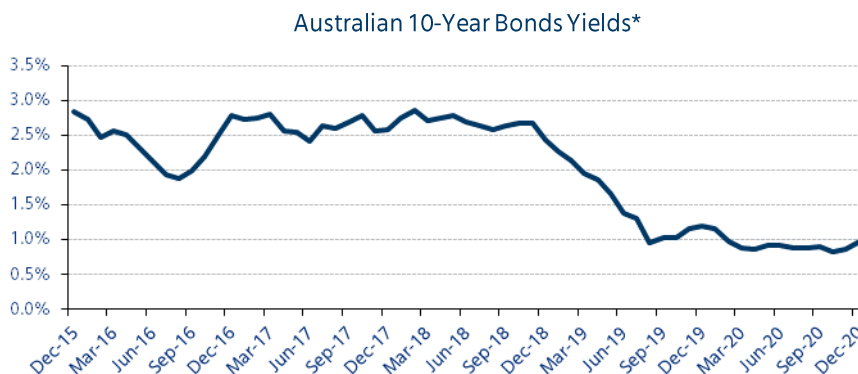
NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'Important notes about this report' - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Defensive fixed interest

Australian sovereign bonds

Domestically, Australian 10-year bond yields increased by 15bps to 0.98%, five-year bond yields increased by 2bps to 0.35% and two-year bond yields decreased by 11bps to 0.07%. Bloomberg Ausbond indices returned mixed results over the quarter, with the Bloomberg Ausbond Inflation Index achieving the highest return at 1.7%, and the weakest being the Bloomberg Ausbond Treasury Index returning -0.6%.



* Source: Reserve Bank of Australia

Mercer Australian Sovereign Bond Fund – Class 1

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	-0.5	4.7	6.1	5.0
Benchmark return	-0.6	4.1	5.6	4.6
Excess return — before fees	+0.1	+0.6	+0.5	+0.4

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Australian Sovereign Bond Fund – Class 1	-0.6	4.3	5.7	4.6

Manager performance

The fund outperformed the Bloomberg Ausbond Treasury Index over the quarter and year to December 2020. As the active manager within the fund, Pental, was the key contributor.

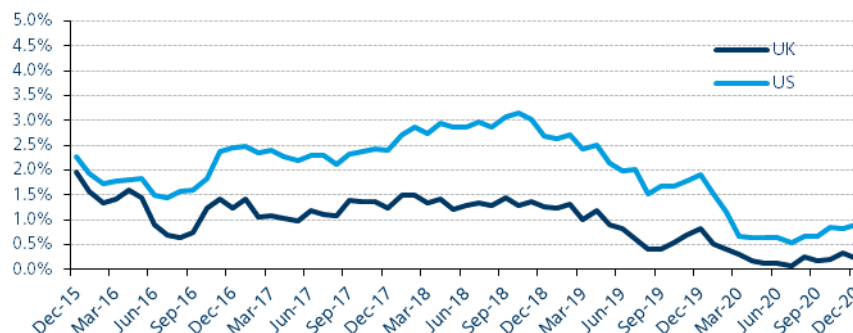
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Pental Group Limited	50.9	Pental Group Limited	+0.1	+1.0	+0.7	+0.5
Macquarie Investment Management	35.9	Macquarie Investment Management	-0.1	-0.1	-0.1	-0.1
Challenger	13.2	Challenger	+0.2	+0.7	+0.8	+0.8

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Defensive fixed interest Global sovereign bonds

Global sovereign bonds produced mixed returns over the December quarter for hedged Australian investors. Ten-year bond yields decreased in Germany (-5bps to -0.58%), but increased in Japan (+1bp to 0.02%), the US (+23bps to 0.91%) and the UK (+5bps to 0.24%). Two-year bond yields decreased in the UK (-14bps to -0.16%) and Germany (-2bps to -0.71%), remained flat in the US (0.13%) and increased in Japan (+1bp to -0.12%). In terms of Global Bond indices, the Barclays Capital Global Aggregate Bond Index increased 0.8% and the FTSE World Government Bond (ex-Australia) Index increased 0.2% over the December quarter, both on a fully hedged basis.

10 Year Bond Yields – UK and US*



* Source: Thomson Reuters Datastream

Mercer Global Sovereign Bond Fund – Class 1

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	1.3	5.5	6.2	5.7
Benchmark return	0.0	6.0	5.0	4.7
Excess return — before fees	+1.3	-0.5	+1.2	+1.0

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Global Sovereign Bond Fund – Class 1	1.2	5.1	5.8	5.3

Manager performance

The fund outperformed the benchmark by 1.3% over the December quarter. H2O's mandate was terminated in December 2020, however, the manager delivered solid performance in the quarter. Colchester, maintained its strong performance from the previous quarter by outperforming the benchmark by 1.6%. LGIM, the passive manager in the portfolio, performed in-line with the benchmark.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
LGIM	60.9	LGIM	0.0	0.0	n/a	n/a
Colchester Global Investors	39.1	Colchester Global Investors	+1.6	0.0	+0.3	n/a

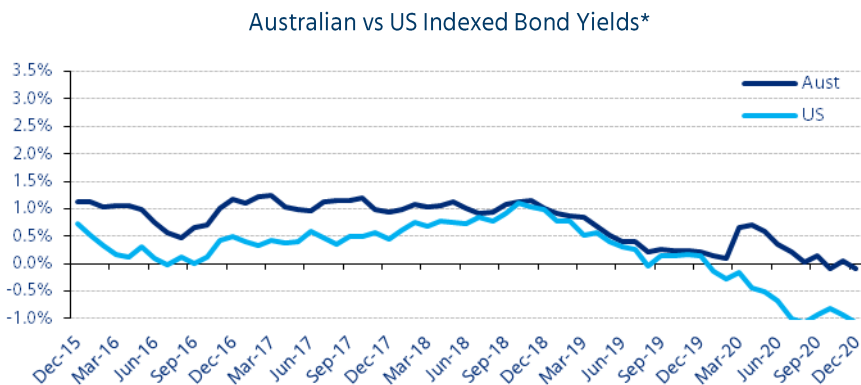
NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Defensive fixed interest

Australian inflation plus

The fund achieved positive returns over the December quarter. Index returns representing Australian CPI +1% (lagged) delivered 1.8% over the December quarter.



* Sources: Reserve Bank of Australia (Aust.) and Thomson Reuters Datastream

Mercer Australian Inflation Plus Fund

Investment performance

Total & excess returns (%)	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	1.3	5.7	5.1	4.2
Benchmark return	1.8	1.7	2.5	2.6
Excess return — before fees	-0.5	+4.0	+2.6	+1.6

Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Australian Inflation Plus	1.2	5.0	4.4	3.6

Manager performance

The fund underperformed over the fourth quarter of 2020, however, the Fund has maintained positive alpha over longer time periods. The majority of underperformance over the quarter was attributed to Challenger, as CPI picked up again over the December quarter.

Proportion of assets managed at quarter end (Mercer Growth)		Manager returns relative to fund benchmark (+ or - %) - before fees				
Manager	%	Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Ardea Investment Management	82.6	Ardea Investment Management	-0.3	+5.3	+4.1	+3.3
Challenger	17.4	Challenger	-1.1	-0.4	+0.6	+0.9

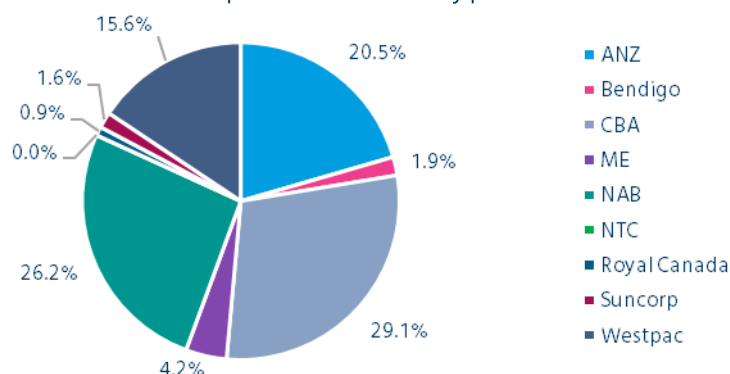
NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Cash

Cash and term deposits

The RBA decreased the cash rate to 0.10% at the beginning of November and has maintained the rate for the rest of the quarter. The Australian Dollar (AUD) appreciated against major developed market currencies over the December quarter, finishing at US\$0.77 with a Trade Weighted Index of 63.4. The AUD appreciated against the USD (+7.7%), the Japanese Yen (+5.9%), the Pound Sterling (+2.1%) and the Euro (+3.5%). On a trade-weighted basis, the local currency appreciated 4.4% over the quarter.

Mercer Term Deposits – Breakdown by provider



Term Deposit – Maturity buckets at 31 December 2020 (%)	
0 to 90 days	48.5%
91 to 180 days	27.2%
181 to 270 days	14.0%
271 to 365 days	10.3%

Mercer Cash – Term Deposit Units	
Average maturity (months)	4.1
Average yield	0.3

Mercer Cash Fund

Investment performance

Mercer Cash Fund – Cash Units	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	0.0	0.7	1.6	1.9
Benchmark return	0.0	0.4	1.3	1.5
Excess return — before fees	0.0	+0.3	+0.3	+0.4
Mercer Cash Fund – Term Deposit Units	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Total returns — before fees	0.1	0.9	1.8	2.0
Benchmark return	0.0	0.4	1.3	1.5
Excess return — before fees	+0.1	+0.5	+0.5	+0.5
Total returns (%) – after fees	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Mercer Cash Fund – Cash Units	0.0	0.4	1.3	1.5
Mercer Cash Fund – Term Deposit Units	0.0	0.5	1.4	1.7

Manager performance

The cash fund - cash units returned 0.04% over the December quarter, outperforming the benchmark by 0.02%. Over the December quarter, the RBA decided to reduce the cash rate to 0.10%. The Blackrock cash fund returned 0.0% underperforming the benchmark by 0.02%. The Challenger term deposit mandate returned 0.10% outperforming the benchmark by 0.08%.

Proportion of assets managed at quarter end	
Manager	%
BlackRock	60.2
Challenger	39.8

Manager returns relative to fund benchmark (+ or - %) - before fees				
Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
BlackRock	0.0	+0.2	+0.2	+0.2
Challenger	+0.1	+0.5	+0.5	+0.5

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'Important notes about this report' - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Diversified funds

Mercer Diversified Shares Fund

Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 4.5% per annum over rolling ten year periods. This objective for the ten years to quarter end was 6.4% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	10 yrs [^] (p.a.)
Total returns	10.6	4.8	8.3	10.1
Benchmark return*	10.5	4.9	8.5	10.1
Excess returns	+0.1	-0.1	-0.2	0.0

* Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	10 yrs [^] (p.a.)
Total returns	10.3	3.8	7.1	8.9

[^] Time horizon for this fund's objective (refer above)

Asset allocation (%)		B'mark	Total
Shares	Australian Shares - Large Cap	40.0	39.4
	Australian Shares - Small Cap	5.0	4.8
	International Shares - Large Cap	31.0	31.7
	International Shares - Low Vol	10.0	9.6
	Global Shares - Small Cap	7.0	6.9
	Emerging Markets Shares	7.0	7.2
Cash	Cash	0.0	0.4
		100.0	100.0
FX Exposure		41.0	40.5

Performance attribution this quarter (%)	
Asset allocation	-0.2
Stock/manager selection	0.3
Excess return for quarter - before fees	0.1

Mercer High Growth Fund

Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 4.5% per annum over rolling seven year periods. This objective for the seven years to quarter end was 6.0% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	7 yrs [^] (p.a.)
Total returns	9.0	5.4	8.0	8.8
Benchmark return*	8.6	4.4	7.4	8.3
Excess returns	+0.4	+1.0	+0.6	+0.5

* Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	7 yrs [^] (p.a.)
Total returns	8.8	4.3	7.0	7.6

[^] Time horizon for this fund's objective (refer above)

Asset allocation (%)		B'mark	Actual at quarter end		
			Growth	Defensive	Total
Shares	Australian Shares - Large Cap	30.0	28.9	0.0	28.9
	Australian Shares - Small Cap	3.0	3.3	0.0	3.3
	International Shares - Large Cap	21.0	21.4	0.0	21.4
	International Shares - Low Vol	7.0	4.6	0.0	4.6
	Global Shares - Small Cap	6.0	8.0	0.0	8.0
Real Assets	Emerging Markets Shares	6.0	6.0	0.0	6.0
	Global Listed Property**	3.0	2.3	0.0	2.3
	Australian Direct Property	6.5	3.7	3.7	7.4
	Global Listed Infrastructure**	0.0	1.4	0.0	1.4
	Global Unlisted Infrastructure	6.0	4.7	2.0	6.7
Alternatives	Natural Resources	0.5	0.9	0.0	0.9
	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	5.0	0.7	0.7	1.4
	Hedge Funds	0.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	0.8	0.9	1.7
	High Yield Debt	0.0	0.5	0.6	1.1
	Emerging Markets Debt	2.0	1.4	1.5	2.9
	Global Absolute Return Bonds	0.0	0.0	0.0	0.0
	Global Credit	0.0	0.0	0.0	0.0
Defensive Fixed Interest & Cash	Australian Sovereign Bonds	0.0	0.0	0.0	0.0
	Global Sovereign Bonds	0.0	0.0	0.0	0.0
	Australian Inflation Plus	0.0	0.0	0.0	0.0
	Cash	2.0	0.0	2.0	2.0
		100.0	88.6	11.4	100.0
FX Exposure		33.0		34.4	

** Refer to page 38 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	-0.1
Stock/manager selection	0.5
Excess return for quarter - before fees	0.4

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – 'Important notes about this report' - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Diversified funds

Mercer Growth Fund – Active Units

Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 4.0% per annum over rolling five year periods. This objective for the five years to quarter end was 5.4% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs^ (p.a.)
Total returns	7.4	5.8	7.8	8.6
Benchmark return*	6.6	4.9	7.0	8.0
Excess returns	+0.8	+0.9	+0.8	+0.6

*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs^ (p.a.)
Total returns	7.2	4.9	6.9	7.6

^ Time horizon for this fund's objective (refer above)

Asset allocation (%)	B'mark	Actual at quarter end			
		Growth	Defensive	Total	
Shares	Australian Shares - Large Cap	23.0	25.9	0.0	25.9
	Australian Shares - Small Cap	3.0	3.2	0.0	3.2
	International Shares - Large Cap	19.0	20.1	0.0	20.1
	International Shares - Low Vol	6.0	3.7	0.0	3.7
	Global Shares - Small Cap	3.0	5.3	0.0	5.3
	Emerging Markets Shares	4.0	4.6	0.0	4.6
Real Assets	Global Listed Property**	0.0	0.0	0.0	0.0
	Australian Direct Property	8.0	4.1	4.2	8.3
	Global Listed Infrastructure**	0.0	0.0	0.0	0.0
	Global Unlisted Infrastructure	6.5	4.9	2.1	7.0
	Natural Resources	0.5	0.9	0.0	0.9
Alternatives	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	7.0	1.0	1.1	2.1
	Hedge Funds	3.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	0.8	0.8	1.6
	High Yield Debt	0.0	0.5	0.5	1.0
	Emerging Markets Debt	3.0	1.5	1.5	3.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	2.0	0.0	4.1	4.1
	Global Credit	0.0	0.0	1.0	1.0
	Australian Sovereign Bonds	4.0	0.0	2.1	2.1
	Global Sovereign Bonds	4.0	0.0	1.5	1.5
	Australian Inflation Plus	0.0	0.0	1.9	1.9
	Cash	2.0	0.0	2.7	2.7
		100.0	76.5	23.5	100.0
FX Exposure		27.0			28.0

** Refer to page 38 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	0.3
Stock/manager selection	0.5
Excess return for quarter – before fees	0.8

Mercer Moderate Growth Fund – Active Units

Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 3.0% per annum over rolling four year periods. This objective for the four years to quarter end was 4.4% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	4 yrs^ (p.a.)
Total returns	5.1	3.4	6.1	6.8
Benchmark return*	4.4	3.4	5.7	6.4
Excess returns	+0.7	0.0	+0.4	+0.4

*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	4 yrs^ (p.a.)
Total returns	5.0	2.7	5.3	6.0

^ Time horizon for this fund's objective (refer above)

Asset allocation (%)	B'mark	Actual at quarter end			
		Growth	Defensive	Total	
Shares	Australian Shares - Large Cap	17.0	18.1	0.0	18.1
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Large Cap	12.0	10.4	0.0	10.4
	International Shares - Low Vol	6.0	4.1	0.0	4.1
	Global Shares - Small Cap	0.0	2.1	0.0	2.1
	Emerging Markets Shares	3.0	5.0	0.0	5.0
Real Assets	Global Listed Property**	2.0	1.8	0.0	1.8
	Australian Direct Property	5.5	2.5	2.4	4.9
	Global Listed Infrastructure**	0.0	2.4	0.0	2.4
	Global Unlisted Infrastructure	5.0	3.3	1.4	4.7
	Natural Resources	0.5	0.9	0.0	0.9
Alternatives	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	7.0	0.8	0.7	1.5
	Hedge Funds	2.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	0.9	0.9	1.8
	High Yield Debt	0.0	0.5	0.5	1.0
	Emerging Markets Debt	4.0	2.0	2.0	4.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	3.0	0.0	6.5	6.5
	Global Credit	3.0	0.0	5.5	5.5
	Australian Sovereign Bonds	7.0	0.0	7.4	7.4
	Global Sovereign Bonds	6.0	0.0	3.7	3.7
	Australian Inflation Plus	5.0	0.0	4.4	4.4
	Cash	10.0	0.0	9.8	9.8
		100.0	54.8	45.2	100.0
FX Exposure		22.0			23.7

** Refer to page 38 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	0.3
Stock/manager selection	0.5
Excess return for quarter – before fees	0.8

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Diversified funds

Mercer Conservative Growth Fund - Active Units

Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 2.0% per annum over rolling three year periods. This objective for the three years to quarter end was 3.3% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs^ (p.a.)	5 yrs (p.a.)
Total returns	3.4	3.8	5.4	5.7
Benchmark return*	2.7	3.0	4.9	5.3
Excess returns	+0.7	+0.8	+0.5	+0.4

*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs^ (p.a.)	5 yrs (p.a.)
Total returns	3.2	3.0	4.7	4.9

^ Time horizon for this fund's objective (refer above)

Asset allocation (%)	B'mark	Actual at quarter end			
		Growth	Defensive	Total	
Shares	Australian Shares - Large Cap	11.0	12.2	0.0	12.2
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Large Cap	6.0	5.5	0.0	5.5
	International Shares - Low Vol	6.0	3.5	0.0	3.5
	Global Shares - Small Cap	0.0	2.0	0.0	2.0
	Emerging Markets Shares	0.0	2.0	0.0	2.0
Real Assets	Global Listed Property**	2.0	1.8	0.0	1.8
	Australian Direct Property	4.0	2.1	2.1	4.2
	Global Listed Infrastructure**	0.0	0.5	0.0	0.5
	Global Unlisted Infrastructure	3.5	2.6	1.1	3.7
	Natural Resources	0.5	0.9	0.0	0.9
Alternatives	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	6.0	0.7	0.6	1.3
	Hedge Funds	2.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	0.8	0.9	1.7
	High Yield Debt	0.0	0.5	0.6	1.1
	Emerging Markets Debt	0.0	0.6	0.6	1.2
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	4.0	0.0	6.0	6.0
	Global Credit	4.0	0.0	7.5	7.5
	Australian Sovereign Bonds	11.0	0.0	10.8	10.8
	Global Sovereign Bonds	10.0	0.0	8.3	8.3
	Australian Inflation Plus	8.0	0.0	7.7	7.7
	Cash	20.0	0.0	18.1	18.1
		100.0	35.7	64.3	100.0
FX Exposure		10.0			13.3

** Refer to page 38 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	0.2
Stock/manager selection	0.5
Excess return for quarter - before fees	0.7

Mercer Growth Fund - Enhanced Passive Units

Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 3.5% per annum over rolling five year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs^ (p.a.)
Total returns	7.7	4.0	n/a	n/a
Benchmark return*	8.0	4.9	n/a	n/a
Excess returns	-0.3	-0.9	n/a	n/a

*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs^ (p.a.)
Total returns	7.7	3.8	n/a	n/a

^ Time horizon for this fund's objective (refer above)

Asset allocation (%)	B'mark	Actual at quarter end			
		Growth	Defensive	Total	
Shares	Australian Shares - Large Cap	31.0	30.2	0.0	30.2
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Large Cap	32.0	31.3	0.0	31.3
	International Shares - Low Vol	0.0	0.0	0.0	0.0
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	4.0	4.2	0.0	4.2
Real Assets	Global Listed Property**	4.0	3.7	0.0	3.7
	Australian Direct Property	0.0	0.0	0.0	0.0
	Global Listed Infrastructure**	4.0	3.8	0.0	3.8
	Global Unlisted Infrastructure	0.0	0.0	0.0	0.0
	Natural Resources	0.0	0.0	0.0	0.0
Alternatives	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	0.0	0.0	0.0	0.0
	Hedge Funds	0.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	0.0	0.0	0.0	0.0
	High Yield Debt	0.0	0.0	0.0	0.0
	Emerging Markets Debt	0.0	0.0	0.0	0.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0	0.0	0.0
	Global Credit	5.0	0.0	4.7	4.7
	Australian Sovereign Bonds	7.0	0.0	7.1	7.1
	Global Sovereign Bonds	7.0	0.0	7.0	7.0
	Australian Inflation Plus	4.0	0.0	4.1	4.1
	Cash	2.0	0.0	3.9	3.9
		100.0	73.2	26.8	100.0
FX Exposure		24.0			24.7

** Refer to page 38 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	-0.4
Stock/manager selection	0.1
Excess return for quarter - before fees	-0.3

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – 'Important notes about this report' - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Diversified funds

Mercer Moderate Growth Fund – Enhanced Passive Units

Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 2.5% per annum over rolling four year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	4 yrs^ (p.a.)
Total returns	6.1	4.5	n/a	n/a
Benchmark return*	5.9	4.7	n/a	n/a
Excess returns	+0.2	-0.2	n/a	n/a

*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	7 yrs^ (p.a.)
Total returns	6.1	4.3	n/a	n/a

^ Time horizon for this fund's objective (refer above)

Asset allocation (%)	B'mark	Actual at quarter end			
		Growth	Defensive	Total	
Shares	Australian Shares - Large Cap	22.0	22.0	0.0	22.0
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Large Cap	22.0	22.5	0.0	22.5
	International Shares - Low Vol	0.0	0.0	0.0	0.0
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	5.0	5.4	0.0	5.4
Real Assets	Global Listed Property**	3.0	3.6	0.0	3.6
	Australian Direct Property	0.0	0.0	0.0	0.0
	Global Listed Infrastructure**	3.0	3.5	0.0	3.5
	Global Unlisted Infrastructure	0.0	0.0	0.0	0.0
	Natural Resources	0.0	0.0	0.0	0.0
Alternatives	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	0.0	0.0	0.0	0.0
	Hedge Funds	0.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	0.0	0.0	0.0	0.0
	High Yield Debt	0.0	0.0	0.0	0.0
	Emerging Markets Debt	0.0	0.0	0.0	0.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0	0.0	0.0
	Global Credit	5.0	0.0	4.6	4.6
	Australian Sovereign Bonds	12.0	0.0	13.8	13.8
	Global Sovereign Bonds	10.0	0.0	11.7	11.7
	Australian Inflation Plus	8.0	0.0	5.3	5.3
	Cash	10.0	0.0	7.6	7.6
		100.0	57.0	43.0	100.0
FX Exposure	20.0			22.2	

** Refer to page 38 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	0.1
Stock/manager selection	0.1
Excess return for quarter – before fees	0.2

Mercer Conservative Growth Fund – Enhanced Passive Units

Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 1.5% per annum over rolling three year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs^ (p.a.)	5 yrs (p.a.)
Total returns	4.0	4.3	n/a	n/a
Benchmark return*	3.8	4.1	n/a	n/a
Excess returns	+0.2	+0.2	n/a	n/a

*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs^ (p.a.)
Total returns	4.0	4.1	n/a	n/a

^ Time horizon for this fund's objective (refer above)

Asset allocation (%)	B'mark	Actual at quarter end			
		Growth	Defensive	Total	
Shares	Australian Shares - Large Cap	13.0	14.8	0.0	14.8
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Large Cap	15.0	15.0	0.0	15.0
	International Shares - Low Vol	0.0	0.0	0.0	0.0
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	2.0	2.2	0.0	2.2
Real Assets	Global Listed Property**	3.0	1.8	0.0	1.8
	Australian Direct Property	0.0	0.0	0.0	0.0
	Global Listed Infrastructure**	2.0	1.9	0.0	1.9
	Global Unlisted Infrastructure	0.0	0.0	0.0	0.0
	Natural Resources	0.0	0.0	0.0	0.0
Alternatives	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	0.0	0.0	0.0	0.0
	Hedge Funds	0.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	0.0	0.0	0.0	0.0
	High Yield Debt	0.0	0.0	0.0	0.0
	Emerging Markets Debt	0.0	0.0	0.0	0.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0	0.0	0.0
	Global Credit	10.0	0.0	10.4	10.4
	Australian Sovereign Bonds	12.5	0.0	18.4	18.4
	Global Sovereign Bonds	12.5	0.0	17.7	17.7
	Australian Inflation Plus	10.0	0.0	5.4	5.4
	Cash	20.0	0.0	12.4	12.4
		100.0	35.7	64.3	100.0
FX Exposure	13.0			13.9	

** Refer to page 38 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	0.0
Stock/manager selection	0.1
Excess return for quarter – before fees	0.1

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Mercer SmartPath® Funds

Mercer SmartPath 1989-1993

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 4.5% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	9.1	4.8	8.0	9.2
Benchmark return*	8.5	4.1	7.5	8.8
Excess returns	+0.6	+0.7	+0.5	+0.4

**Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs^ (p.a.)	5 yrs (p.a.)
Total returns	8.9	3.8	6.9	8.1

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	33.1
	Australian Shares - Small Cap	3.0	3.3
	International Shares - Large Cap	18.0	20.4
	International Shares - Low Vol	7.0	4.4
	Global Shares - Small Cap	5.0	7.2
	Emerging Markets Shares	8.0	8.0
Real Assets	Global Listed Property**	3.0	2.0
	Australian Direct Property	6.5	6.2
	Global Listed Infrastructure**	0.0	0.4
	Global Unlisted Infrastructure	6.0	6.0
	Natural Resources	0.5	0.8
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.3	0.0
	Diversified Growth Funds	4.8	0.7
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	1.4
	High Yield Debt	0.0	1.0
	Emerging Markets Debt	3.0	2.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.7
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	0.9	2.4
		100.0	100.0
<i>FX Exposure</i>		36.0	35.5

** Refer to page 38 for more information on manager line up for this asset class

Mercer SmartPath 1984-1988

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 4.5% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	9.2	4.9	8.0	9.2
Benchmark return*	8.5	4.1	7.5	8.8
Excess returns	+0.7	+0.8	+0.5	+0.4

**Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs^ (p.a.)	5 yrs (p.a.)
Total returns	8.9	3.8	6.9	8.1

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	33.5
	Australian Shares - Small Cap	3.0	3.3
	International Shares - Large Cap	18.0	20.4
	International Shares - Low Vol	7.0	4.2
	Global Shares - Small Cap	5.0	7.2
	Emerging Markets Shares	8.0	8.0
Real Assets	Global Listed Property**	3.0	2.0
	Australian Direct Property	6.5	6.5
	Global Listed Infrastructure**	0.0	0.4
	Global Unlisted Infrastructure	6.0	6.0
	Natural Resources	0.5	0.8
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.3	0.0
	Diversified Growth Funds	4.8	0.7
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	1.5
	High Yield Debt	0.0	0.9
	Emerging Markets Debt	3.0	1.9
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.4
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	0.9	2.3
		100.0	100.0
<i>FX Exposure</i>		36.0	34.8

** Refer to page 38 for more information on manager line up for this asset class

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

NOTE: Past performance is not a reliable indicator of future performance.
 Refer to page 38 – ‘Important notes about this report’ - for further information on the calculation of returns.
 Refer to page 39 for Asset class benchmarks.

Mercer SmartPath® Funds

Mercer SmartPath 1979-1983

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 4.5% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	9.2	4.7	8.0	9.2
Benchmark return*	8.5	4.1	7.5	8.8
Excess returns	+0.7	+0.6	+0.5	+0.4

*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	8.9	3.7	6.9	8.1

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	33.9
	Australian Shares - Small Cap	3.0	3.5
	International Shares - Large Cap	18.0	20.3
	International Shares - Low Vol	7.0	4.0
	Global Shares - Small Cap	5.0	7.3
	Emerging Markets Shares	8.0	8.0
Real Assets	Global Listed Property**	3.0	2.0
	Australian Direct Property	6.5	6.3
	Global Listed Infrastructure**	0.0	0.4
	Global Unlisted Infrastructure	6.0	6.2
	Natural Resources	0.5	0.8
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.3	0.0
	Diversified Growth Funds	4.8	0.7
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	1.4
	High Yield Debt	0.0	0.9
	Emerging Markets Debt	3.0	1.9
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.5
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	0.9	1.9
		100.0	100.0
FX Exposure	36.0	34.8	

** Refer to page 38 for more information on manager line up for this asset class

Mercer SmartPath 1974-1978

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 4.5% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	9.1	4.6	7.9	9.2
Benchmark return*	8.5	4.1	7.5	8.8
Excess returns	+0.6	+0.5	+0.4	+0.4

*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	8.9	3.6	6.8	8.1

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	33.6
	Australian Shares - Small Cap	3.0	3.5
	International Shares - Large Cap	18.0	20.3
	International Shares - Low Vol	7.0	4.0
	Global Shares - Small Cap	5.0	7.1
	Emerging Markets Shares	8.0	8.0
Real Assets	Global Listed Property**	3.0	2.0
	Australian Direct Property	6.5	6.5
	Global Listed Infrastructure**	0.0	0.4
	Global Unlisted Infrastructure	6.0	6.2
	Natural Resources	0.5	0.9
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.3	0.0
	Diversified Growth Funds	4.8	0.7
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	1.6
	High Yield Debt	0.0	1.0
	Emerging Markets Debt	3.0	2.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.5
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	0.9	1.7
		100.0	100.0
FX Exposure	36.0	35.0	

** Refer to page 38 for more information on manager line up for this asset class

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'important notes about this report' - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Mercer SmartPath® Funds

Mercer SmartPath 1969-1973

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 4.25% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	8.9	4.4	7.9	9.1
Benchmark return*	8.3	4.1	7.5	8.8
Excess returns	+0.6	+0.3	+0.4	+0.3

*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	8.6	3.4	6.8	8.0

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	31.2	33.0
	Australian Shares - Small Cap	3.0	3.5
	International Shares - Large Cap	17.6	19.5
	International Shares - Low Vol	7.0	4.2
	Global Shares - Small Cap	4.8	7.0
	Emerging Markets Shares	7.6	7.8
Real Assets	Global Listed Property**	2.8	1.9
	Australian Direct Property	6.4	6.4
	Global Listed Infrastructure**	0.0	0.4
	Global Unlisted Infrastructure	5.9	6.4
	Natural Resources	0.5	0.9
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.3	0.0
	Diversified Growth Funds	5.0	0.7
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	1.7
	High Yield Debt	0.0	1.0
	Emerging Markets Debt	3.2	2.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.6	0.3
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.4	0.4
	Global Sovereign Bonds	0.8	0.3
	Australian Inflation Plus	0.0	0.0
	Cash	0.9	2.6
		100.0	100.0
FX Exposure	35.4	34.9	

** Refer to page 38 for more information on manager line up for this asset class

Mercer SmartPath 1964-1968

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 3.75% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	8.1	4.6	7.6	8.7
Benchmark return*	7.0	4.0	7.0	8.4
Excess returns	+1.1	+0.6	+0.6	+0.3

*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	7.8	3.5	6.4	7.6

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	27.2	29.3
	Australian Shares - Small Cap	2.8	3.0
	International Shares - Large Cap	15.2	17.4
	International Shares - Low Vol	7.0	4.5
	Global Shares - Small Cap	3.8	5.9
	Emerging Markets Shares	5.8	6.4
Real Assets	Global Listed Property**	2.0	1.6
	Australian Direct Property	6.0	5.6
	Global Listed Infrastructure**	0.0	0.0
	Global Unlisted Infrastructure	5.5	5.6
	Natural Resources	0.5	0.9
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.2	0.0
	Diversified Growth Funds	5.8	1.5
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.0	1.7
	High Yield Debt	0.4	1.4
	Emerging Markets Debt	4.0	3.3
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	3.4	2.8
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	2.4	1.6
	Global Sovereign Bonds	4.4	1.7
	Australian Inflation Plus	0.0	0.8
	Cash	1.6	5.0
		100.0	100.0
FX Exposure	32.6	32.0	

** Refer to page 38 for more information on manager line up for this asset class

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

NOTE: Past performance is not a reliable indicator of future performance.
Refer to page 38 – 'Important notes about this report' - for further information on the calculation of returns.
Refer to page 39 for Asset class benchmarks.

Mercer SmartPath® Funds

Mercer SmartPath 1959-1963

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 3.25% per annum over rolling six year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	6.8	4.0	6.9	7.9
Benchmark return*	5.8	3.5	6.4	7.6
Excess returns	+1.0	+0.5	+0.5	+0.3

*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	6.5	3.0	5.9	6.9

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	23.0	24.8
	Australian Shares - Small Cap	2.0	2.2
	International Shares - Large Cap	11.2	12.6
	International Shares - Low Vol	7.0	4.7
	Global Shares - Small Cap	2.8	4.9
	Emerging Markets Shares	5.0	5.3
Real Assets	Global Listed Property**	2.0	1.7
	Australian Direct Property	5.8	6.0
	Global Listed Infrastructure**	0.0	0.7
	Global Unlisted Infrastructure	5.3	5.1
	Natural Resources	0.5	0.9
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	6.0	1.5
	Hedge Funds	0.4	0.0
Growth Fixed Interest	Private Debt	2.0	1.7
	High Yield Debt	2.0	3.1
	Emerging Markets Debt	4.0	3.6
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	5.0	5.3
	Global Credit	0.4	2.4
	Australian Sovereign Bonds	4.2	3.1
	Global Sovereign Bonds	6.0	2.5
	Australian Inflation Plus	0.8	2.3
	Cash	4.6	5.6
		100.0	100.0
FX Exposure	30.0	29.6	

** Refer to page 38 for more information on manager line up for this asset class

Mercer SmartPath 1954-1958

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 2.50% per annum over rolling five year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	5.8	4.0	6.5	7.3
Benchmark return*	4.8	3.3	5.8	6.8
Excess returns	+1.0	+0.7	+0.7	+0.5

*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	5.6	3.1	5.6	6.3

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	18.4	20.0
	Australian Shares - Small Cap	1.6	1.8
	International Shares - Large Cap	7.8	8.2
	International Shares - Low Vol	6.8	4.7
	Global Shares - Small Cap	1.6	3.9
	Emerging Markets Shares	4.8	5.6
Real Assets	Global Listed Property**	1.6	1.9
	Australian Direct Property	5.0	5.1
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	4.5	4.8
	Natural Resources	0.5	0.9
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	6.2	1.6
	Hedge Funds	2.2	0.0
Growth Fixed Interest	Private Debt	2.0	1.7
	High Yield Debt	2.2	3.4
	Emerging Markets Debt	4.2	4.7
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	5.0	6.1
	Global Credit	2.2	5.0
	Australian Sovereign Bonds	5.4	4.6
	Global Sovereign Bonds	6.2	4.5
	Australian Inflation Plus	4.2	3.5
	Cash	7.6	7.0
		100.0	100.0
FX Exposure	25.2	26.4	

** Refer to page 38 for more information on manager line up for this asset class

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

NOTE: Past performance is not a reliable indicator of future performance.

Refer to page 38 - 'important notes about this report' - for further information on the calculation of returns.

Refer to page 39 for Asset class benchmarks.

Mercer SmartPath® Funds

Mercer SmartPath 1949-1953

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 2.0% per annum over rolling four year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	4.9	3.6	6.0	6.6
Benchmark return*	3.8	3.2	5.2	6.2
Excess returns	+1.1	+0.4	+0.8	+0.4

**Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	4.6	2.7	5.1	5.7

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	16.0	17.0
	Australian Shares - Small Cap	0.0	0.0
	International Shares - Large Cap	7.0	5.3
	International Shares - Low Vol	6.0	4.2
	Global Shares - Small Cap	0.0	2.0
	Emerging Markets Shares	4.0	7.3
Real Assets	Global Listed Property**	0.0	0.8
	Australian Direct Property	5.0	5.4
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	4.5	4.7
	Natural Resources	0.5	1.0
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	7.0	1.8
	Hedge Funds	3.0	0.0
Growth Fixed Interest	Private Debt	2.0	1.8
	High Yield Debt	3.0	4.1
	Emerging Markets Debt	5.0	6.0
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	5.0	7.8
	Global Credit	3.0	6.0
	Australian Sovereign Bonds	7.0	6.2
	Global Sovereign Bonds	7.0	5.7
	Australian Inflation Plus	5.0	4.2
	Cash	10.0	7.7
		100.0	100.0
FX Exposure	22.0	26.8	

** Refer to page 38 for more information on manager line up for this asset class

Mercer SmartPath 1944-1948

Objectives

- To achieve a return (before tax and management costs) that exceeds CPI increases by at least 2.0% per annum over rolling four year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	4.8	3.8	6.0	6.5
Benchmark return*	3.8	3.2	5.2	6.1
Excess returns	+1.0	+0.6	+0.8	+0.4

**Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)
Total returns	4.6	2.8	5.0	5.5

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	16.0	17.0
	Australian Shares - Small Cap	0.0	0.0
	International Shares - Large Cap	7.0	5.7
	International Shares - Low Vol	6.0	3.8
	Global Shares - Small Cap	0.0	2.0
	Emerging Markets Shares	4.0	6.9
Real Assets	Global Listed Property**	0.0	0.7
	Australian Direct Property	5.0	5.0
	Global Listed Infrastructure**	0.0	1.1
	Global Unlisted Infrastructure	4.5	4.4
	Natural Resources	0.5	1.0
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	7.0	1.6
	Hedge Funds	3.0	0.0
Growth Fixed Interest	Private Debt	2.0	1.7
	High Yield Debt	3.0	4.3
	Emerging Markets Debt	5.0	5.5
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	5.0	7.7
	Global Credit	3.0	6.3
	Australian Sovereign Bonds	7.0	5.8
	Global Sovereign Bonds	7.0	5.5
	Australian Inflation Plus	5.0	4.4
	Cash	10.0	9.6
		100.0	100.0
FX Exposure	22.0	25.8	

** Refer to page 38 for more information on manager line up for this asset class

NOTE: Foreign currency exposure under key statistics includes unhedged allocation to International Shares Large Cap, Global Low Volatility Shares, Global Small Companies, Emerging Markets Shares and Emerging Markets Debt.

Important notes about this report

Throughout this report, please note that:

- **Past performance is not a reliable indicator of future performance.**
- Only Mercer Funds (MFs) that were invested in at the end of the quarter are reported on.
- **Total returns** are based on exit prices. Total returns are shown both before and allowing for deduction of investment management fees.
- **Excess returns** relative to the benchmark are calculated by the difference between performance (before investment management fees) and the asset-weighted benchmark return.

Asset weights used are those shown in the MFs' Product Disclosure Statement (PDS) and Information Memorandum (IM) as relevant.

The benchmark used for each Fund is noted in the summary of its before-fees performance. As noted, for certain Funds (i.e. those invested in multiple sectors) a composite of the relevant benchmarks applies.

- **Performance attribution** refers to another way of deriving the excess return. With performance attribution, the performance above or below the benchmark return can be "attributed" to two factors:
 1. Asset allocation: the degree to which actual asset allocation varies from the benchmark asset allocation.
 2. Stock/manager selection: the degree to which returns achieved by underlying managers in the various asset classes vary from the relevant benchmark returns for those asset classes.
- Performance (before investment management fees) may be provisional depending on information available at the time of publication and may be subject to adjustment.
- The underlying investment manager line ups of the diversified Funds also include managers who have 'passive' mandates in respect of listed property and listed infrastructure, as shown below. These managers are only relevant to certain diversified Funds.

Manager Returns Relative to Fund Benchmark* (+ or - %) - before fees				
Managers	3 months	1 year	3 years (p.a.)	5 years (p.a.)
Listed Property				
Macquarie Investment Management	0.0	+0.1	+0.1	-0.1
Listed Infrastructure				
Macquarie Investment Management	0.0	+0.1	+0.1	0.0

- Returns throughout this report may be subject to rounding error.

Asset class benchmarks

Shares	
Australian Shares	S&P/ASX 300 Accumulation Index
Australian Shares Tax Exempt	S&P/ASX 300 Accumulation Index Grossed up for Franking Credits
Australian Small Companies	S&P/ASX Small Ordinaries Accumulation Index
International Shares	Unhedged: MSCI World Index (ex Australia) in A\$ with net dividends reinvested Hedged: MSCI World Index (ex Australia) - in A\$ (Hedged) with net dividends reinvested Passive Unhedged: MSCI World Index (ex Australia, ex tobacco, ex controversial weapons) in A\$ Passive Hedged: MSCI World Index (ex Australia, ex tobacco, ex controversial weapons) in A\$ (Hedged)
Global Small Companies	MSCI World Small Cap Index in A\$ <i>Prior to September 2014, the benchmark was S&P Developed Small Cap Index. Therefore, calculations for longer period benchmark returns are inclusive of this report</i>
Socially Responsible Australian Shares	S&P/ASX 300 Accumulation Index
Socially Responsible Global Shares Fund	Unhedged: MSCI World (NRD) Index in A\$ Hedged: MSCI World (NRD) Index in A\$ (Hedged)
Emerging Markets	MSCI Emerging Markets Index in A\$
Real assets	
Direct Property	CPI + 4%
Global Listed Property	FTSE EPRA/NAREIT Developed Index in A\$ (Hedged) <i>Prior to October 2012, the benchmark was UBS Investors Index - in A\$ (Hedged). Therefore, calculations for longer period benchmark returns are inclusive of this data.</i>
Passive Australian Listed Property	S&P/ASX 200 Property Trusts Accumulation Index
Global Unlisted Infrastructure	CPI + 5% <i>Prior to 1 January 2019 the benchmark was CPI + 3%</i>
Listed Infrastructure	FTSE Global Core Infrastructure 50/50 Index in A\$ (Hedged)
Passive Listed Infrastructure	FTSE Developed Core Infrastructure 50/50 Index - in A\$ (Hedged)
Alternatives	
Diversified Alternatives	HFRI FOF: Market Defensive Index in A\$ (Hedged) <i>Prior to November 2016, the benchmark was Bloomberg AusBond Bank Bill Index. Therefore, calculations for longer period benchmark returns are inclusive of this data</i>
Growth fixed interest	
Emerging Markets Debt	JP Morgan GBI-EM Global Diversified Index (Unhedged)
Global High Yield Bond	Bank of America Merrill Lynch BB-B Developed Markets High Yield Constrained Index in A\$ (Hedged) <i>Prior to August 2016: Bank of America BB-B Developed Markets High Yield Constrained Index in A\$ (Hedged).</i>
Global Private Debt	Bloomberg AusBond Bank Bill Index +3%
Defensive fixed interest	
Global Absolute Return Bonds	Bloomberg AusBond Bank Bill Index +1%
Global Credit	60% Barclays Global Aggregate - Corporate Index - A\$ (Hedged) 40% Barclays Capital Global Aggregate ex Government ex Treasuries Index (A\$ Hedged)
Australian Sovereign Bonds	Bloomberg AusBond Treasury Index 0+ (All Maturities)
Overseas Sovereign Bonds	JP Morgan Global Sovereign Bond Index in A\$ (Hedged) <i>From December 2013 to January 2017, the benchmark was JP Morgan Global Sovereign Bond Index (Customised) in A\$ Hedged. Prior to November 2013, the benchmark was 50% JP Morgan Global Government Bond Index in A\$ Hedged and 50% JP Morgan Customised Index. Therefore, calculations for longer period benchmark returns are inclusive of this data. Alternate benchmarks may apply to managers individually.</i>
Australian Inflation Plus	CPI +1%
Cash	
Cash and Term Deposits	Bloomberg AusBond Bank Bill Index

For further information

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