



Mercer Funds

# Quarterly report

to 31 March 2022

welcome to brighter

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# Economy and markets

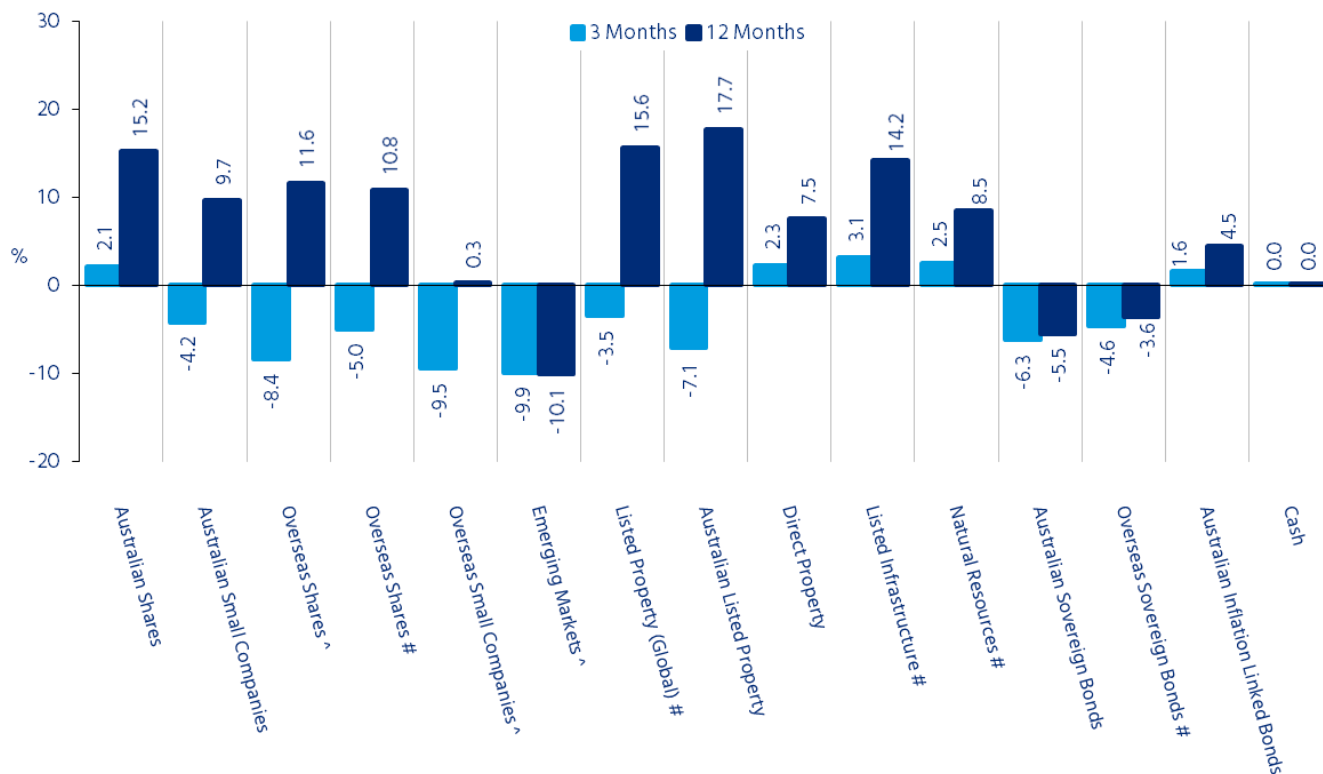
Over the first quarter of 2022, markets faced challenges stemming from the Russia – Ukraine conflict, higher inflation and higher volatility leading to significant declines in global equity and bond markets. Investors remain cautious to how the Russia – Ukraine conflict may impact the economy, as commodity prices soar and whether inflation can be brought back to a sustainable level.

Hedged Developed Market Overseas Shares returned -5.0% for the quarter. Australian shares outperformed over the quarter given their exposure to more defensive sectors, such as materials and energy. The tech heavy Nasdaq underperformed the S&P 500 over the quarter and reflected overall sentiment towards technology over the quarter. Emerging market equities underperformed both overseas and Australian equities, returning -9.9% for the quarter. This was largely due to the Chinese market, in which the country is battling new lockdowns and slowing economic growth. The collapse of the Russian stock market also detracted. Booming commodity prices benefiting Latin American stock markets was not enough to mitigate the declines in China and Russia.

Hedged Overseas Government Bonds returned -4.8% over the quarter as 10-year government bond yields for major developed markets increased. Australian 10-year government bond yields increased 117bps to 2.8%. In spite of the elevated market volatility brought about by the Russia-Ukraine crisis, government bonds did not exhibit their usual safe haven characteristics. Instead yields have continued to rise due to higher expected inflation and hawkish monetary policy expectations.

The Australian share market outperformed its overseas counterparts over the March quarter. The S&P/ASX300 returned 2.1% for the quarter. The strongest domestic index was the ASX 50, returning 4.0%. The strongest performing sectors over the quarter were Energy (28.4%) and Materials (15.2%), whilst the worst performing sectors were IT (-13.7%) and Consumer Discretionary (-10.4%).

# Financial market returns to 31 March 2022



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

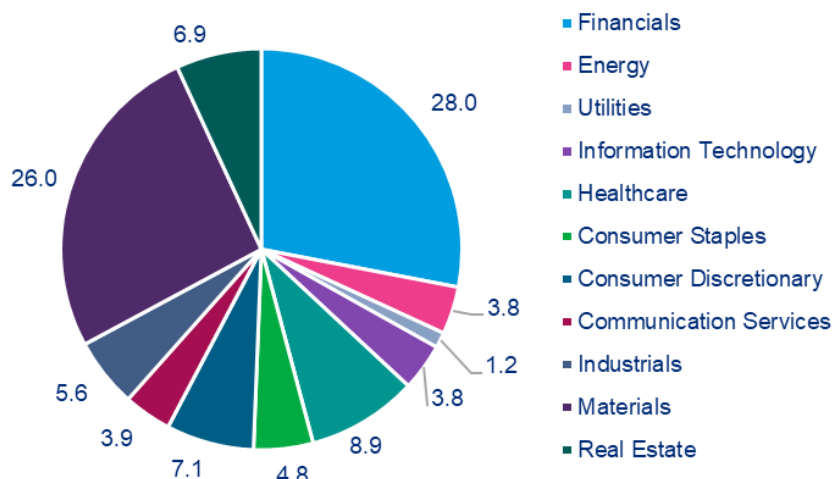
## Shares

# Australian shares

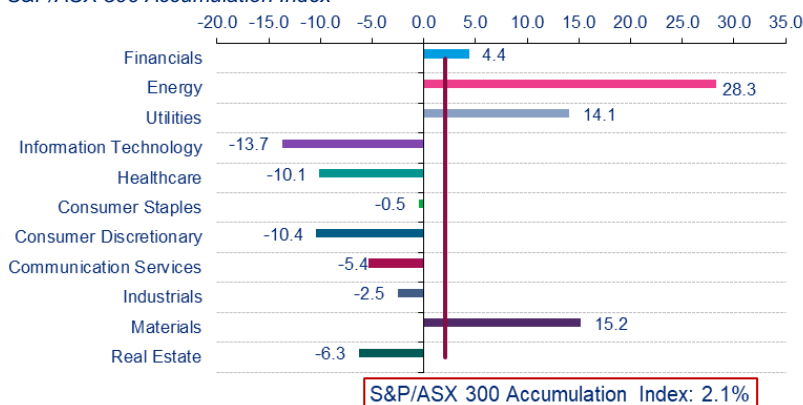
Australian shares were positive over Q1 2022 as the S&P/ASX 300 Index returned 2.1% for the period. The S&P/ASX 50 Accumulation Index was the best performer for the quarter returning 4.0%, while the worst performer was the S&P/ASX Small Ordinaries returning -4.2%. The best performing sectors were Energy and Materials, while the weakest performing sectors were IT and Consumer Discretionary. The largest positive contributors to the return of the index were BHP Group, Woodside Petroleum and NAB. On the other hand, the most significant detractors from performance were CSL, Wesfarmers and Goodman Group.

### Mercer Australian Shares Funds\*\*

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



Benchmark sector returns for the three months to 31 March 2022(%)  
 S&P/ASX 300 Accumulation Index



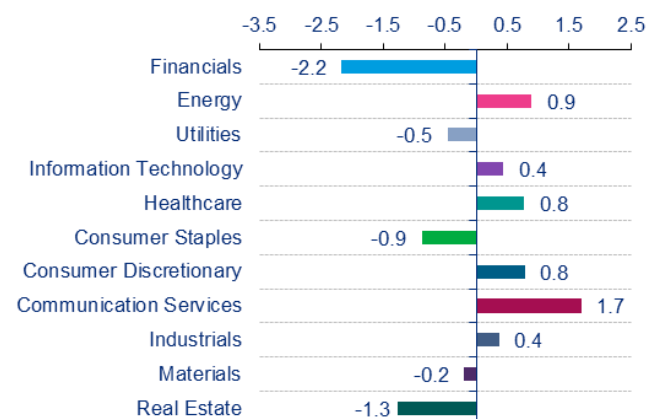
\*\* In this Quarterly Report, 'Australian Shares Funds' refers to:

- Mercer Australian Shares Fund (the 'Core Fund')
- Mercer Australian Shares Plus Fund (the 'Plus Fund')

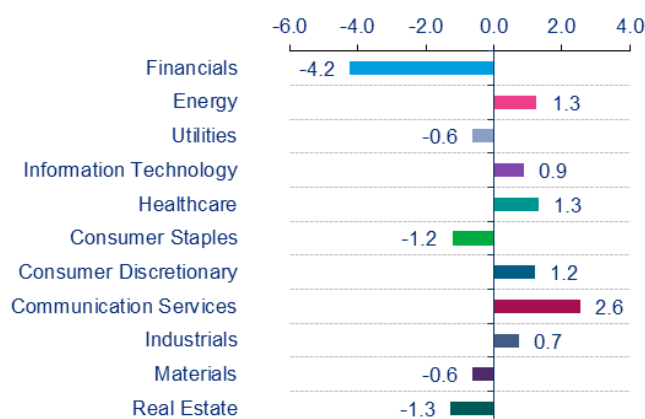
Only the sector exposure differs between the Funds. Benchmark weights etc. apply to both Funds.

### Sector Exposure — Overweight/Underweight positions as at 31 March 2022 (%)

#### Mercer Australian Shares Fund



#### Mercer Australian Shares Plus Fund



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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Shares

# Australian shares

### Mercer Australian Shares Funds

### 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	10.8	11.4	BHP Group Ltd	10.3	11.4
CSL	5.8	5.6	CSL	6.0	5.6
Commonwealth Bank	5.7	7.8	Commonwealth Bank	5.0	7.8
National Australia Bank	4.5	4.6	National Australia Bank	4.3	4.6
ANZ Banking Group	3.9	3.4	ANZ Banking Group	4.1	3.4
Macquarie Group Ltd	3.2	3.2	Macquarie Group Ltd	2.9	3.2
Telstra Corporation	2.6	2.0	Santos Ltd	2.9	1.0
Santos Ltd	2.2	1.0	Telstra Corporation	2.8	2.0
Aristocrat Leisure Ltd	2.1	1.1	Aristocrat Leisure Ltd	2.5	1.1
Wesfarmers	2.0	2.5	QBE Insurance Group Ltd	2.2	0.7

#### Investment performance

Mercer Australian Shares Fund	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	1.4	15.6	11.6	9.9	8.4	10.6
Benchmark return	2.1	15.2	10.9	9.4	7.9	10.1
Excess return — before fees	-0.7	+0.4	+0.7	+0.5	+0.5	+0.5
Mercer Australian Shares Plus Fund	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	0.7	15.9	12.4	10.6	9.1	11.0
Benchmark return	2.1	15.2	10.9	9.4	7.9	10.1
Excess return — before fees	-1.4	+0.7	+1.5	+1.2	+1.2	+0.9
Total returns (%) – after Fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Australian Shares Fund	1.2	14.5	10.6	8.9	7.4	9.7
Mercer Australian Shares Plus Fund	0.5	14.5	11.3	9.5	7.9	9.8

#### Manager performance

During the quarter both stock selection and asset allocation detracted from performance. Underweight positions in Woodside Petroleum and Westpac, and an overweight position in Aristocrat Leisure were key drivers of underperformance. This was partially offset by overweight holdings in Santos and IGO which both contributed positively. From an asset allocation perspective, overweight exposure to consumer discretionary and communications services sectors detracted, while overweight exposure to the energy sector and underweight exposure to real estate contributed positively to performance.

Managers	Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
	Core Fund	Plus Fund	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Plato Investment Management	35.3	0.0	0.0	+0.3	+0.7	+0.6	n/a	n/a
Greencape	14.3	21.1	-2.3	-1.4	+3.2	+2.4	n/a	n/a
WaveStone Capital	13.4	19.9	-0.4	+2.9	+1.7	+3.0	n/a	n/a
Vinva Investment Management	11.4	16.9	+1.7	-0.1	-0.8	-1.2	n/a	n/a
Ausbil Investment Management	10.9	16.1	+1.1	+5.0	+5.7	+4.1	+3.3	+4.7
Firetrail	8.0	11.8	-0.6	-1.6	+1.0	n/a	n/a	n/a
Fidelity	6.8	10.0	-6.3	-1.7	-0.6	+5.8	n/a	n/a
First Sentier Investors	0.0	1.8	+1.2	+5.7	+10.9	+8.9	n/a	n/a
Longwave Capital Partners	0.0	1.2	+2.7	+4.4	n/a	n/a	n/a	n/a
Perennial Value Management	0.0	1.2	-3.4	+1.5	+8.5	+6.6	+5.6	+6.1

### Mercer Passive Australian Shares Fund

Total returns (%) – after Fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Passive Australian Shares Fund	2.0	14.7	10.6	9.1	7.6	n/a

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

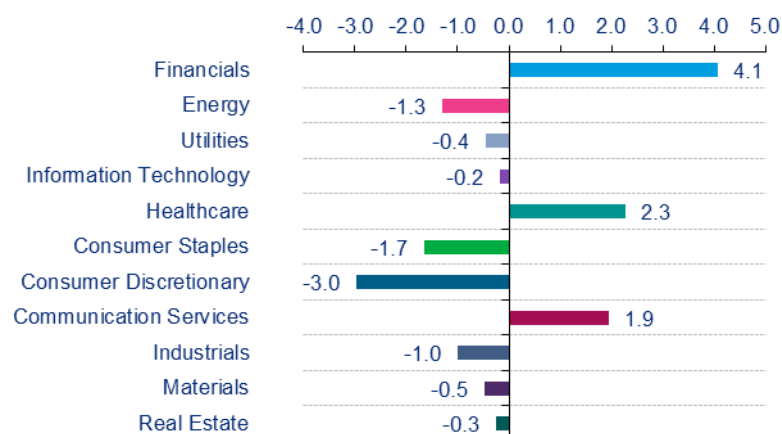
## Shares

# Australian shares – sustainable plus

Australian shares were positive over Q1 2022 as the S&P/ASX 300 Index returned 2.1% for the period. The S&P/ASX 50 Accumulation Index was the best performer for the quarter returning 4.0%, while the worst performer was the S&P/ASX Small Ordinaries returning -4.2%.

### Mercer Sustainable Plus Australian Shares Fund

Sector Exposure — Overweight/Underweight positions as at 31 March 2022(%)



### Top 10 holdings

Stock	% of Fund	% of Benchmark
BHP Group Ltd	11.6	11.4
Commonwealth Bank	6.8	7.8
CSL	5.7	5.6
National Australia Bank	5.6	4.6
Macquarie Group Ltd	4.5	3.2
Telstra Corporation	2.9	2.0
ANZ Banking Group	2.7	3.4
Westpac Banking Corporation	2.7	3.7
Goodman Group Pty Ltd	2.4	1.7
QBE Insurance Group Ltd	1.7	0.7

### Investment performance

Total & excess returns (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	0.3	15.0	12.4	10.2	8.9	11.5
Benchmark return	2.1	15.2	10.9	9.4	7.9	10.1
Excess return — before fees	-1.8	-0.2	+1.5	+0.8	+1.0	+1.4

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Sustainable Plus Australian Shares Fund	-0.1	13.6	11.3	9.1	7.8	10.3

### Manager performance

During the first quarter of 2022, both stock selection and asset allocation drove underperformance with stock selection being the most significant. An underweight exposure to Wesfarmers and an overweight exposure to Sims Ltd provided the largest positive contribution to performance while an overweight to James Hardie Industries Plc was one a key driver of underperformance. From a sector perspective, an overweight allocation to health care and underweights to energy and materials were the main detractors while an underweight allocation to consumer discretionary was the most positive contributor..

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Managers		3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Acadian Asset Management	35.4	+0.5	+2.1	+1.8	+1.8	n/a	n/a
Alphinity Investment Management	28.2	-1.9	+1.1	n/a	n/a	n/a	n/a
Pendal Group Limited	26.7	-1.4	-1.0	+2.5	+2.3	+1.7	+2.8
Perennial Better Future Fund	9.8	-4.1	n/a	n/a	n/a	n/a	n/a

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Shares

# Australian shares – tax exempt investors

Australian equities were positive over Q1 2022 as the S&P/ASX 300 Accumulation Index Gross of Franking Credits returned 2.6% for the period.

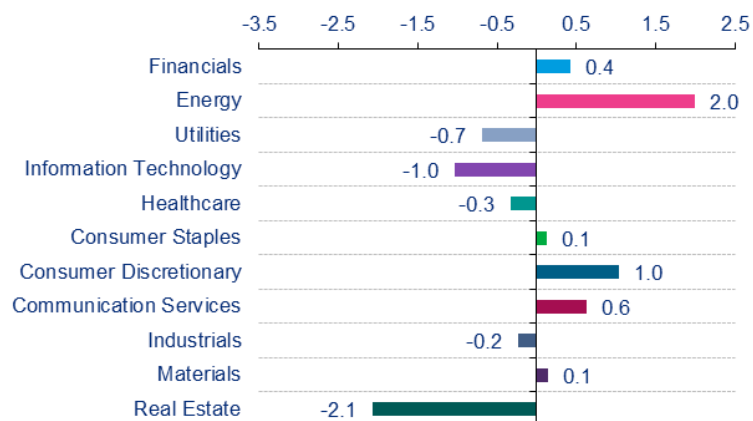
The best performing sectors were Energy and Materials, while the weakest performing sectors were IT and Consumer Discretionary. The largest positive contributors to the return of the index were BHP Group, Woodside Petroleum and NAB. On the other hand, the most significant detractors from performance were CSL, Wesfarmers and Goodman Group.

### Top 10 holdings

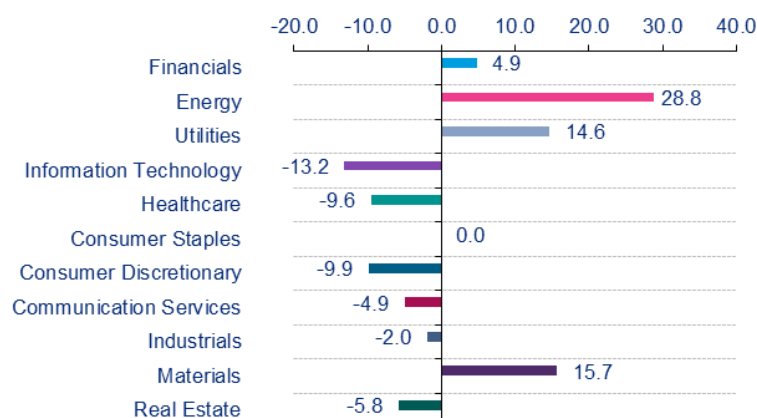
Stock	% of Fund	% of B'mark
BHP Group Ltd	11.1	11.4
Commonwealth Bank	5.7	7.8
National Australia Bank	5.2	4.6
ANZ Banking Group	5.1	3.4
CSL	4.8	5.6
Macquarie Group Ltd	4.1	3.2
Santos Ltd	2.7	1.0
Telstra Corporation	2.2	2.0
Wesfarmers	2.1	2.5
Woolworths Group Ltd	2.1	2.0

### Mercer Australian Shares Fund for Tax Exempt Investors

Sector Exposure — Overweight/Underweight positions as at 31 March 2022 (%)



Benchmark sector returns for the three months to 31 March 2022 (%)  
S&P/ASX 300 Accumulation Index Gross of Franking Credits



### Investment performance

Total & excess returns (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 years (p.a.)	10 yrs (p.a.)
Total returns — before fees	3.0	17.5	13.5	12.1	10.5	n/a
Benchmark return	2.6	16.8	12.2	10.9	9.5	n/a
Excess return — before fees	+0.4	+0.7	+1.3	+1.2	+1.0	n/a

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 years (p.a.)	10 yrs (p.a.)
Mercer Australian Shares Fund for Tax Exempt Investors	2.8	16.2	12.3	11.0	9.5	n/a

### Manager performance

During the quarter asset allocation drove outperformance, whilst security selection was neutral. An overweight allocation to energy and underweight allocation to information technology were key drivers of outperformance while an overweight exposure to consumer discretionary detracted. From a stock selection perspective, an overweight to Santos and underweight allocations to Afterpay and CSL drove performance. Overweight allocations to Aristocrat Leisure and James Hardie detracted.

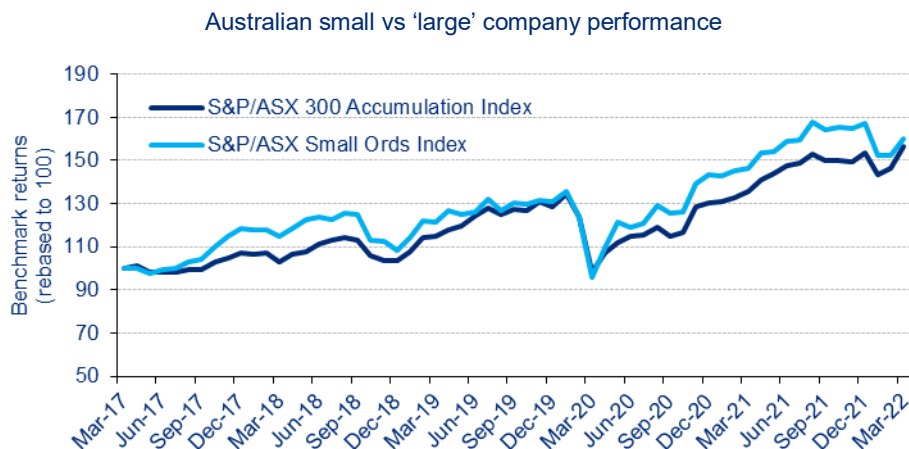
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Managers		3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Macquarie Investment Management	40.7	0.0	+0.6	+2.6	+3.2	+3.0	n/a
Plato Investment Management	29.9	+1.6	+0.8	+1.0	+1.1	+1.1	n/a
Wavestone	17.1	0.0	+3.4	+1.9	n/a	n/a	n/a
Firetrail	12.3	-0.8	-2.4	+0.8	n/a	n/a	n/a

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 Refer to page 38 for Asset class benchmarks.

## Shares

# Australian shares – small companies

Australian Small Companies performance was negative over the March quarter with the asset class returning -4.2% for the period. Australian Small Companies underperformed the broad capitalisation index over the quarter.



### Mercer Australian Small Companies Fund

#### Investment performance

Total & excess returns (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-4.4	12.6	17.0	14.2	11.9	9.5
Benchmark return	-4.2	9.7	9.6	9.9	9.5	6.0
Excess return — before fees	-0.2	+2.9	+7.4	+4.3	+2.4	+3.5

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Australian Small Companies Fund	-4.7	10.9	15.4	12.7	10.5	8.3

#### Manager performance

During the first quarter of 2022, both stock selection and asset allocation drove underperformance with stock selection being the most significant. At the sector level, overweights to financials and industrials provided positive returns. This was offset by underweights to materials and real estate sectors which detracted from performance. At the security level, an overweight to SRG Global and an underweight to Chalice Mining were significant contributors to performance while an underweight to Whitehaven Coal and Coronado Global Resources were detractors.

Manager	Proportion of assets managed at quarter end (%)	Manager returns relative to fund benchmark (+ or - %) - before fees					
		3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
First Sentier Investors	38.5	+1.2	+5.7	+10.9	+8.9	n/a	n/a
Longwave Capital Partners	25.5	+2.7	+4.4	n/a	n/a	n/a	n/a
Perennial Value Management	25.3	-3.4	+1.5	+8.5	+6.6	+5.6	+6.1
Firetrail	10.7	-4.4	n/a	n/a	n/a	n/a	n/a

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 Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.  
 Refer to page 38 for Asset class benchmarks.

## Shares

### International shares

The broad MSCI World ex Australia (NR) decreased -5.0% in hedged terms and decreased -8.4% in unhedged terms over the quarter, as the AUD appreciated against major currencies over the period. The strongest performing sectors were Energy (26.4%) and Utilities (-2.0%), while Consumer Discretionary (-13.5%) and Communication Services (-13.3%) were the worst performers. Other global shares were negative as the MSCI Small Caps (TR) Index returned -9.4% and the MSCI Emerging Markets (NR) Index returned -9.9% over the quarter, all in AUD terms.

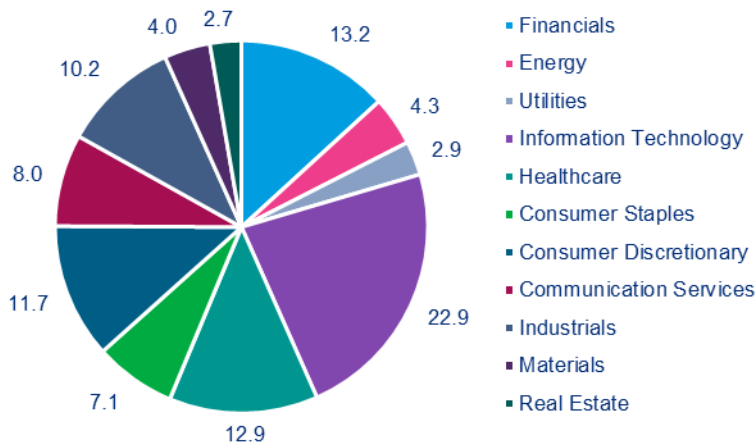
Over the March quarter, the NASDAQ decreased -9.1%, the S&P 500 Composite Index decreased -4.6% and the Dow Jones Industrial Average decreased -4.1%, all in USD terms. European markets experienced mixed returns, with the FTSE 100 (United Kingdom) increasing 2.9%, the CAC 40 (France) decreasing -6.7% and the DAX 30 (Germany) decreasing -9.3%, all in local currency terms.

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

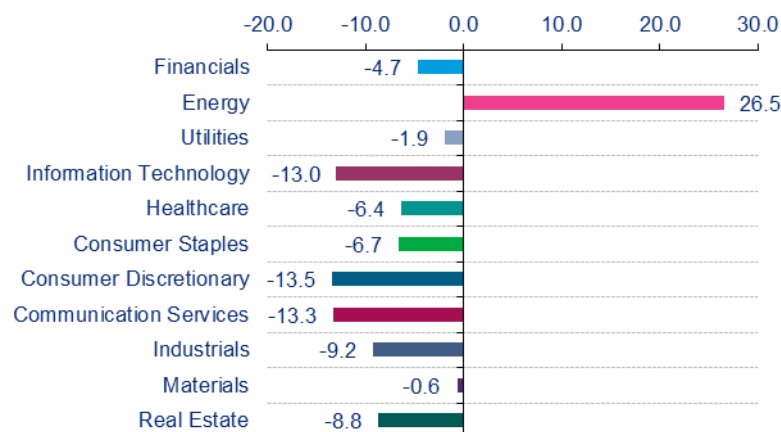
- Mercer International Shares Fund
  - Mercer Hedged International Shares Fund
- Benchmark weights etc. apply to all international shares funds.

#### Merger International Shares Funds\*\*

Benchmark weights by sector (%)  
 MSCI World Index (ex Australia) - in A\$ with net dividends reinvested

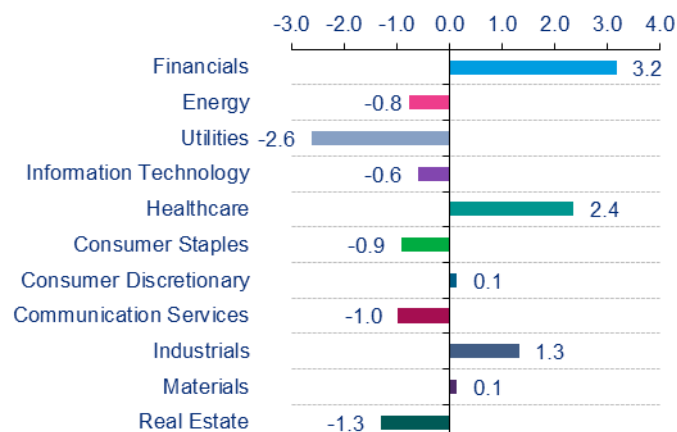


Benchmark sector returns for the three months to 31 March 2022 (%)  
 MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



Sector Exposure — Overweight/Underweight positions as at 31 March 2022 (%)

#### Merger International Shares Fund Merger Hedged International Shares Fund



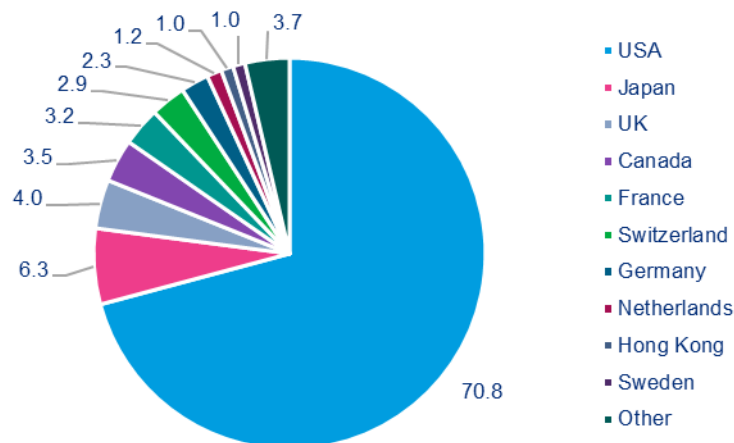
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 Refer to page 38 for Asset class benchmarks.

## Shares

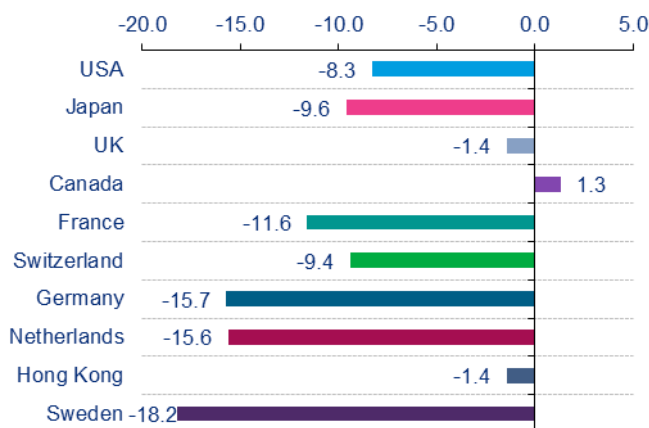
# International shares

### Mercer International Shares Funds\*\*

Benchmark weights – Top 10 countries (%)  
 MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



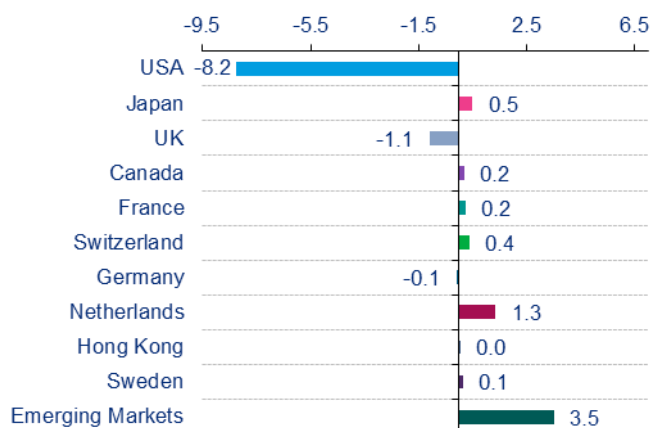
Top 10 countries’ benchmark returns for the three months to 31 March 2022 (%)  
 MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



\*\* 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 March 2022 (%)

#### Mercer International Shares Fund Mercer Hedged International Shares Fund



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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Shares

# International shares

Mercer International Shares Fund

Mercer Hedged International Shares Fund

### Top 10 holdings

Stock	% of Fund	% of Benchmark
Microsoft Corp	3.3	3.8
Apple	2.1	5.0
Alphabet Inc	2.0	2.8
Amazon	1.5	2.6
Meta Platforms Inc	1.4	0.9
Charles Schwab Corp	1.2	0.2
Intact Financial Corp	1.2	0.0
Roche	1.0	0.5
Unitedhealth Group Inc	1.0	0.8
Novartis	0.9	0.3

### Investment performance

Mercer International Shares Fund	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-10.4	6.9	12.0	12.5	10.8	14.6
Benchmark return — before fees:	-8.4	11.6	12.9	12.9	10.7	14.6
Excess return — before fee:	-2.0	-4.7	-0.9	-0.4	+0.1	0.0
Mercer Hedged International Shares Fund	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-6.8	6.5	12.6	11.2	10.4	12.7
Benchmark return — before fees:	-5.0	10.8	13.6	11.6	10.3	12.7
Excess return — before fees	-1.8	-4.3	-1.0	-0.4	+0.1	0.0
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer International Shares Fund	-10.6	5.8	10.9	11.4	9.8	13.5
Mercer Hedged International Shares Fund	-7.0	5.4	11.5	10.1	9.3	11.5

### Manager performance

The fund underperformed the benchmark over the quarter by 2.0%. Both asset allocation and stock selection detracted from performance. At an asset allocation level, an overweight exposure to financials contributed to performance, whilst overweight exposure to consumer discretionary and underweight exposure to energy detracted. An overweight holding in Intact Financial Corp contributed to performance, whilst overweight exposure to Meta and an underweight holding in Apple detracted.

Manager	Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
	Unhedged %	Hedged %	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Schroder Investment Management	35.7	36.5	-0.5	+0.6	-1.1	-2.0	-0.8	-1.2
Arrowstreet	20.0	19.8	+1.1	-1.4	+1.7	+3.9	+3.3	n/a
Wellington	16.1	15.9	+2.3	-2.9	-3.9	n/a	n/a	n/a
Maj Invest	13.3	13.1	-3.2	-8.9	n/a	n/a	n/a	n/a
AllianceBernstein	9.0	8.9	-8.1	-10.2	n/a	n/a	n/a	n/a
Baillie Gifford	6.0	5.9	-16.0	-28.2	n/a	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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Passive International Shares Fund	-8.5	11.6	13.1	13.0	10.7	n/a
Mercer Passive Hedged International Shares Fund	-5.0	11.2	13.8	11.7	10.3	n/a

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 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	4.4	3.7
Danaher Corp	2.1	0.3
Alphabet Inc	1.8	2.8
Unitedhealth Group Inc	1.5	0.8
Orsted A/S	1.4	0.0
Taiwan Semiconductor Manufacturing Co Ltd	1.4	0.0
Roche	1.3	0.5
Schneider Electric Se	1.2	0.2
AIA Group Ltd	1.2	0.2
Pepsico Inc	1.1	0.4

### Investment performance

Mercer Socially Responsible Global Shares Fund – Unhedged	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-12.8	5.9	11.8	11.8	n/a	n/a
Benchmark return — before fees:	-8.2	11.7	12.9	12.8	n/a	n/a
Excess return — before fee:	-4.6	-5.8	-1.1	-1.0	n/a	n/a
Mercer Socially Responsible Global Shares Fund – Hedged	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-9.4	5.5	12.9	n/a	n/a	n/a
Benchmark return — before fees:	-4.8	10.9	13.5	n/a	n/a	n/a
Excess return — before fees	-4.6	-5.4	-0.6	n/a	n/a	n/a
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Socially Responsible Global Shares Fund – Unhedged	-13.0	4.9	10.8	10.9	n/a	n/a
Mercer Socially Responsible Global Shares Fund – Hedged	-9.7	4.3	11.8	n/a	n/a	n/a

### Manager performance

With an underweight to energy and communication services which were up 31.5% and 3.5% (local currency) over the quarter, compared to a benchmark that was down -4.5% (local currency) the portfolio underperformed. An overweight to industrials and security selection within materials were also detractors, while from a security perspective, Ecolab and Danaher Corp were the largest detractors. Offsetting some of this were overweights to T-Mobile, Vodacom Group and an underweight to JP Morgan Chase & Co.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Managers	Unhedged %	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Dublin	100.0	-4.4	-5.7	-1.4	-1.6	n/a	n/a

### Manager allocation

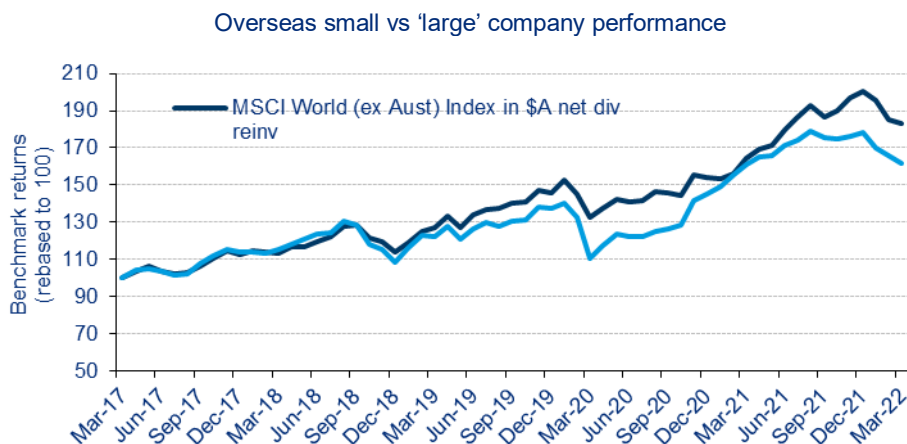
Manager	%
Impax	17.0
Mirova	20.0
RBC	23.0
SSGA	23.0
Wellington	17.0

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.  
 Refer to page 38 for Asset class benchmarks.

## Shares

# Global shares – small companies

In unhedged AUD terms, the Global Small Cap sector returned -9.4%, underperforming Global Large Cap stocks.



### Mercer Global Small Companies Shares Fund

#### Investment performance

Total & excess returns (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-10.1	-2.5	10.0	10.8	9.0	14.4
Benchmark return	-9.5	0.3	9.6	10.1	9.0	13.7
Excess return — before fees	-0.6	-2.8	+0.4	+0.7	0.0	+0.7

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Global Small Companies Shares Fund	-10.4	-3.5	9.0	9.8	7.9	13.2

#### Manager performance

The fund underperformed versus its benchmark over the quarter. Stock selection was the key driver, with Nuance Communications Inc, Hornbach Baumarkt and Dadx contributing positively. Yangling Metron New Material Ltd, Adairs Ltd and Oneconnect Financial Technology Ltd were the key detractors.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Arrowstreet	35.8	+2.3	+4.7	+7.5	+7.8	+5.9	+10.7
Lazard Asset Management	25.8	-2.1	+0.3	-1.0	n/a	n/a	n/a
Kempen	25.2	n/a	n/a	n/a	n/a	n/a	n/a
Baillie Gifford	13.2	-9.1	-29.7	-1.7	n/a	n/a	n/a

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-5.9	13.2	6.7	8.2	8.4	n/a
Benchmark return	-5.5	11.3	6.3	9.0	8.4	n/a
Excess return — before fees	-0.4	+1.9	+0.4	-0.8	0.0	n/a

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Global Enhanced Low Volatility Shares Fund	-6.0	12.9	6.4	7.9	8.0	n/a

#### Manager performance

The Fund underperformed the benchmark over the quarter by 0.4%. Asset allocation contributed to performance, whilst stock selection detracted from performance. At an asset class level, an underweight to IT and Consumer Discretionary contributed to performance, whilst overweights to Health Care and Materials detracted. Stock selection was positively affected by the underweight position in Gilead Sciences and Masimo, whilst overweight exposure to Ecolab and Alphabet were detractors.

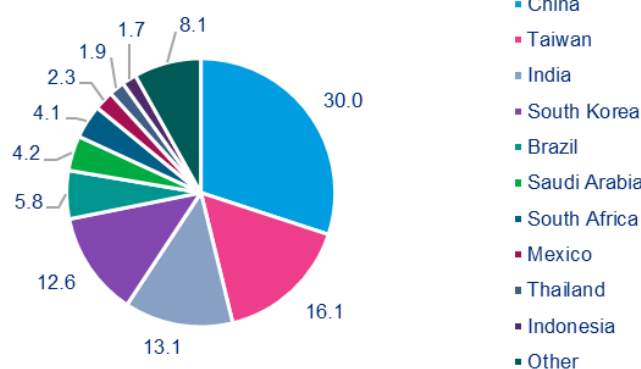
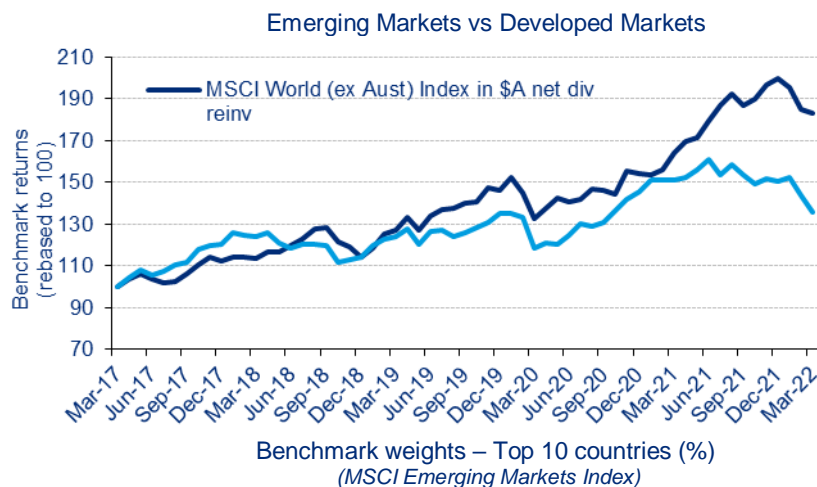
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Acadian	100.0	-0.4	+1.9	+0.4	-1.0	0.0	n/a

NOTE: Past performance is not a reliable indicator of future performance.  
 Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.  
 Refer to page 38 for Asset class benchmarks.

## Shares

# Emerging markets shares

In unhedged AUD terms, Emerging Markets (NR) returned -9.9%, underperforming developed markets.



### Mercer Emerging Markets Shares Fund

#### Investment performance

Mercer Emerging Markets Shares Fund	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-12.7	-11.3	3.5	6.7	5.7	7.2
Benchmark return	-9.9	-10.1	3.0	6.3	4.9	6.7
Excess return — before fees	-2.8	-1.2	+0.5	+0.4	+0.8	+0.5
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Emerging Markets Shares Fund	-12.9	-12.1	2.5	5.6	4.7	6.3

#### Manager performance

The fund underperformed the index over the quarter. Stock selection was the main detractor to performance while asset allocation weighed negatively as well. From a country perspective, the Russian market sold off heavily over the quarter and the overweight position held in Russia was the main detractor for relative performance. An overweight exposure to the information technology sector contributed negatively, whereas an underweight to the healthcare sector helped offset some of the underperformance. At the security level, an overweight holding in Sberbank contributed negatively to performance while an underweight to Meituan was the top contributor.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
BlackRock Investment Management	34.5	+0.1	-1.5	-0.5	-0.1	+1.2	+1.8
William Blair	28.9	-0.8	-2.9	+3.5	n/a	n/a	n/a
GMO	26.9	-12.1	n/a	n/a	n/a	n/a	n/a
AQR	9.8	+3.6	+3.0	+3.5	+3.9	n/a	n/a

### Mercer Passive Emerging Markets Shares Fund

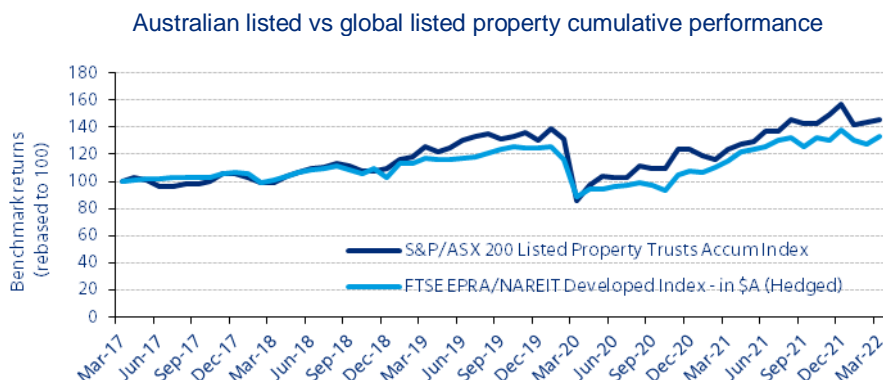
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Passive Emerging Markets Shares Fund	-9.9	-10.3	2.8	6.1	n/a	n/a

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.  
 Refer to page 38 for Asset class benchmarks.

## Real assets

### Global listed property

Domestic listed property experienced poor performance over the quarter and returned -6.7%. Global REIT’s returned -3.5% (in AUD hedged terms) over the March quarter.



#### Mercer Global Listed Property Fund

##### Investment performance

Mercer Global Listed Property Fund	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-3.6	16.0	5.5	7.5	6.1	10.1
Benchmark return	-3.5	15.6	4.2	5.9	4.8	8.7
Excess return — before fees	-0.1	+0.4	+1.3	+1.6	+1.3	+1.4
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Global Listed Property Fund	-3.9	14.8	4.5	6.4	5.0	9.0

##### Manager performance

The Fund marginally underperformed over the quarter. Stock selection was the key detractor from relative performance as overweight holdings in Invitation Homes, Rexford Indus Realty and American Tower Corp significantly detracted performance. On the other hand an underweight to Simon Property Group and overweight to Kilroy Realty Corp contributed positively to performance.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Principal Global Investors	61.0	-0.8	-0.5	+1.6	+3.2	+2.2	n/a
Resolution Capital	39.0	+0.9	n/a	n/a	n/a	n/a	n/a

#### Mercer Passive Global Listed Property Fund

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Passive Global Listed Property Fund	-3.6	15.1	4.1	5.7	4.5	n/a

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

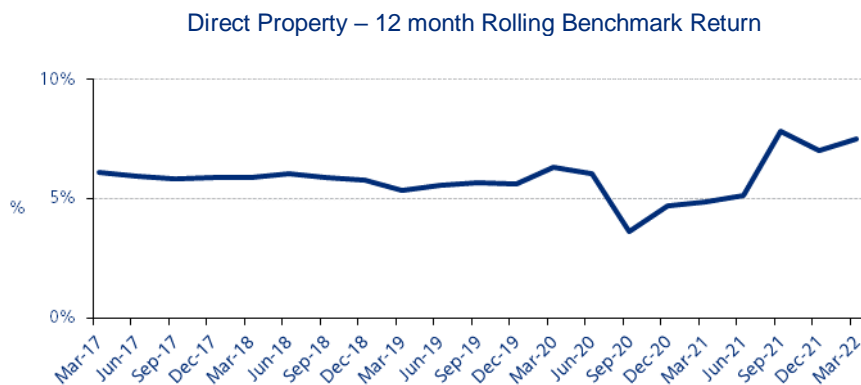
Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Real assets

### Australian direct property

The sector (NAV) increased 4.4% over the quarter (on a one-month lagged basis).



**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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	7.9	18.9	10.6	11.3	11.9	11.2
Benchmark return	2.3	7.5	6.2	6.0	6.8	7.5
Excess return — before fees	+5.6	+11.4	+4.4	+5.3	+5.1	+3.7

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Australian Direct Property Fund	7.2	16.7	8.9	9.7	10.3	9.7

##### Manager performance

The fund significantly outperformed the Mercer/MSCI Wholesale Property Fund Index (YFYS benchmark) over all time periods. It outperformed the CPI+4% benchmark over all periods since inception.

The COVID pandemics effects on the portfolio have eased significantly, with all tenants in occupation and trading. New leasing remains more challenging for Office assets than prior to the pandemic. Portfolio occupancy remains high at 97%.

Manager	Proportion of assets managed at quarter end %	Manager returns relative to fund benchmark (+ or - %) - before fees					
		3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Charter Hall Industrial	26.0	+12.1	+23.5	+13.9	+11.5	+10.6	n/a
Investa Property Group	20.9	+0.7	+3.3	+4.2	+7.1	+7.8	+6.7
Dexus Wholesale Property Fund	14.0	+1.7	+5.5	+0.4	+4.1	n/a	n/a
Charter Hall Retail	11.0	+10.5	+15.3	+3.3	+3.9	n/a	n/a
Investa SPV	9.1	-5.4	-2.6	+3.1	+5.2	n/a	n/a
Goodman Funds Management	8.0	+16.1	+30.9	+17.0	+16.8	+16.9	+15.2
GPT Wholesale Office Fund	5.0	+3.2	+7.8	n/a	n/a	n/a	n/a
AMP Capital Shopping Centre Fund	1.4	-0.9	-0.3	-11.7	n/a	n/a	n/a
Lend lease Investment Management (APPF Retail)	1.3	-0.8	+1.2	-12.7	-7.2	-6.2	-6.3

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-7.1	17.6	5.4	7.9	8.1	12.1
Benchmark return	-7.1	17.7	5.2	7.8	8.0	12.2
Excess return — before fees	0.0	-0.1	+0.2	+0.1	+0.1	-0.1

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Passive Australian Listed Property Fund	-7.2	17.1	5.0	7.5	7.7	11.8

#### Manager performance

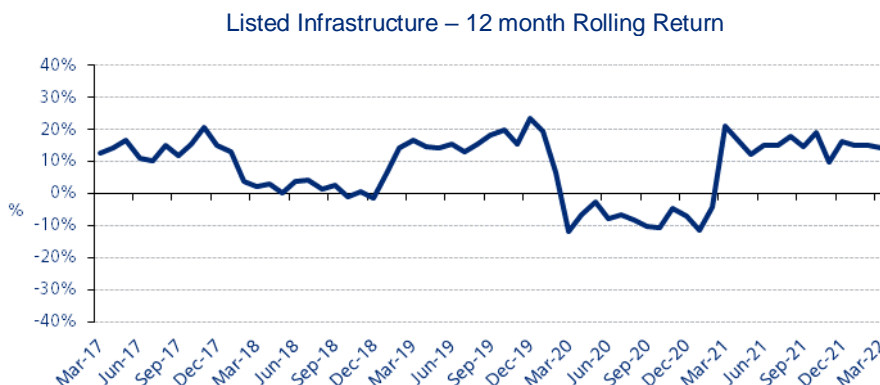
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Macquarie Investment Management	100.0	0.0	-0.1	0.0	0.0	-0.1	-0.7

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.  
 Refer to page 38 for Asset class benchmarks.

## Real assets

# Global listed infrastructure

Global Core Listed Infrastructure 50/50 index increased 3.3% for the quarter in hedged terms.



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

### Merger Global Listed Infrastructure Fund

#### Investment performance

Merger Global Listed Infrastructure Fund	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	3.2	14.5	6.8	7.6	8.0	11.6
Benchmark return	3.1	14.2	6.9	7.9	7.8	11.4
Excess return — before fees	+0.1	+0.3	-0.1	-0.3	+0.2	+0.2
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Merger Global Listed Infrastructure Fund	2.9	13.4	5.8	6.6	7.0	10.6

#### Manager performance

The Fund slightly outperformed its benchmark over the quarter. From a sector perspective, underweight positioning in utilities and communication services were the most positive, whereas being overweight the industrials sector detracted. Key contributors to performance included overweights to Sempra Energy, CCR SA and Atmos. Conversely, overweight holdings in China Gas and Norfolk Southern Corp detracted.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
First Sentier Investors	100.0	+0.5	-0.5	+0.7	+0.3	+1.7	+2.3

### Merger Passive Global Listed Infrastructure Fund

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Merger Passive Global Listed Infrastructure Fund	3.5	15.3	6.2	7.4	7.5	n/a

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

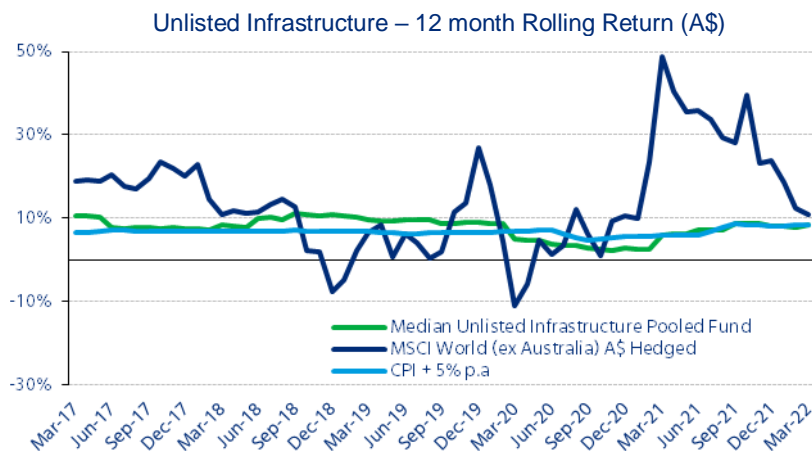
Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Real assets

### Global unlisted infrastructure

The sector generated positive returns over the quarter as inflationary pressures continue to build globally.



#### Mercer Global Unlisted Infrastructure Fund

##### Investment performance

Total & excess returns (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	3.8	15.0	14.6	14.3	15.4	13.8
Benchmark return	2.5	8.5	7.3	6.4	6.1	6.4
Excess return — before fees	+1.3	+6.5	+7.3	+7.9	+9.3	+7.4

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Global Unlisted Infrastructure Fund	3.5	13.6	11.9	11.1	12.1	10.9

##### Manager performance

The fund's return for the quarter was above the benchmark return, which is expressed in gross terms. Important contributors were First Sentier Investors Infrastructure Income Fund, KKR-managed co-investments and Stonepeak Infrastructure. Distributions were received from JP Morgan Infrastructure Investments Fund, KKR Global Infrastructure Fund II ("KKR GIF II"), KKR-managed co-investment Viridor, Macquarie Asia Infrastructure Fund and Stonepeak Infrastructure. Calls were paid to fund new co-investments in strategically important liquid storage business Geosel (France), managed by Ardian, and a drawdown of a previous commitment to renewable energy business Terra Gen (USA), managed by Energy Capital Partners.

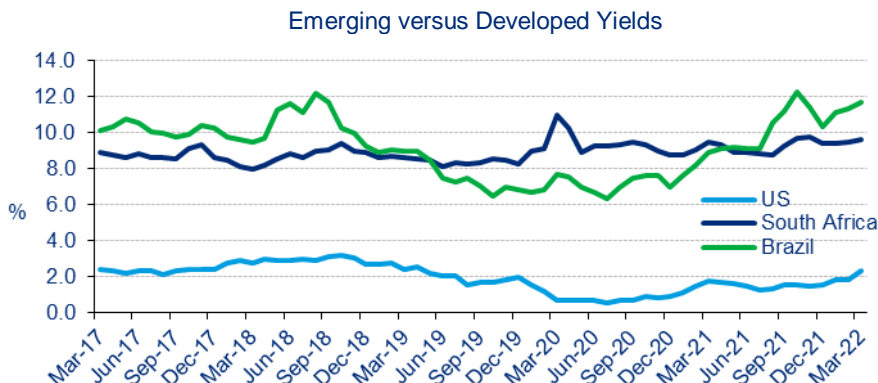
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
KKR	28.3	+5.0	+24.5	+22.8	+18.9	n/a	n/a
First Sentier Investors	12.6	+6.1	+5.8	+4.9	+7.0	+6.6	+6.8
IFM Investors	10.6	-0.3	+2.7	+0.3	+3.3	+7.5	n/a
Macquarie Asia Infrastructure Fund	8.0	-0.7	+0.8	+5.0	+3.0	n/a	n/a
Stonepeak Infrastructure Partners	6.8	+5.1	+33.7	+17.0	n/a	n/a	n/a
KKR Diversified Core Infrastructure	6.3	+4.0	n/a	n/a	n/a	n/a	n/a
JP Morgan Infrastructure Investments Fund	6.3	-2.5	-4.6	n/a	n/a	n/a	n/a
Macquarie Specialised Asset Management IMA	3.7	-2.5	n/a	n/a	n/a	n/a	n/a
DigitalBridge	3.2	-3.7	n/a	n/a	n/a	n/a	n/a
Axiom Infrastructure	3.1	-3.0	+8.5	+0.1	n/a	n/a	n/a
First Sentier Investors	2.4	-1.8	-2.1	+4.8	+4.6	n/a	n/a
Energy Capital Partners	2.1	+1.9	0.0	n/a	n/a	n/a	n/a
Ardian Infrastructure	1.6	n/a	n/a	n/a	n/a	n/a	n/a
I-Squared Capital	1.5	-2.6	-2.5	-11.3	n/a	n/a	n/a

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.  
 Refer to page 38 for Asset class benchmarks.

## Growth fixed interest

# Emerging markets debt

Emerging Market Debt returns were negative over the March quarter, returning -9.9% on an unhedged basis.



### Mercer Emerging Market Debt Fund

#### Investment performance

Total & excess returns (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-8.7	-4.7	-1.7	0.8	1.3	2.6
Benchmark return	-9.4	-7.2	-2.9	0.5	0.9	2.5
Excess return — before fees	+0.7	+2.5	+1.2	+0.3	+0.4	+0.1

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Emerging Markets Debt Fund	-9.2	-5.9	-2.9	-0.5	0.2	1.7

#### Manager performance

The Fund returned -8.7% over the March quarter, outperforming the benchmark index by 0.7%. All three managers produced positive excess returns over the quarter, with Wellington being the primary contributor to the Fund's outperformance. Over the past year, the Fund returned -4.7%, outperforming the benchmark index by 2.5%, with all three managers contributing positively. Russia's invasion of Ukraine cause significant volatility in Emerging Markets with Russian Government Bonds being removed from the JP Morgan indices at the end of March at a price of zero.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Colchester Global Investors	33.6	+0.6	+2.9	+1.5	+1.4	n/a	n/a
Wellington Management	33.5	+1.5	+3.8	+1.8	n/a	n/a	n/a
BlackRock	32.9	+0.2	+1.1	+0.4	-0.9	n/a	n/a

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-4.5	0.3	4.1	4.3	4.8	n/a
Benchmark return	-4.5	-1.2	3.2	3.9	4.9	n/a
Excess return — before fees	0.0	+1.5	+0.9	+0.4	-0.1	n/a

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Global High Yield Bond Fund	-4.6	0.0	3.5	3.8	4.2	n/a

### Manager performance

The Fund returned -4.5% in the March quarter, performing in line with its benchmark. 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	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer (Dublin)	100.0	0.0	+1.5	+1.0	+0.5	-0.2	n/a

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	0.8	6.6	6.1	6.8	6.8	n/a
Benchmark return	0.7	3.0	3.5	4.1	4.5	n/a
Excess return — before fees	+0.1	+3.6	+2.6	+2.7	+2.3	n/a

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Global Private Debt Fund	0.4	4.2	4.5	5.5	5.6	n/a

### Manager performance

The Fund has returned 0.8%, outperforming its Cash +3% benchmark by 0.03% over the quarter to March 2022, with positive contributions from most managers in the portfolio. The outperformance was primarily driven by ICG, which generated 2.7%. The portfolio has been markedly resilient 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 year time period to March 2022, exceeding the benchmark by 2.6%.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Metrics Credit Partners Secured Private Debt Fund	27.0	+1.4	+7.2	+7.8	+7.8	n/a	n/a
Audax Credit BDC Inc.	19.4	+0.3	+7.2	+4.5	+4.7	n/a	n/a
HPS Australian Loan Platform	14.8	-0.6	+5.4	n/a	n/a	n/a	n/a
Metrics Credit Partners Secured Private Debt Fnd II	9.7	+1.8	+6.4	n/a	n/a	n/a	n/a
Park Square Credit Opportunities IV	9.3	+0.1	n/a	n/a	n/a	n/a	n/a
ICG Australia Senior Loan Fund	8.5	+1.3	+4.7	n/a	n/a	n/a	n/a
ICG Senior Debt Partners Fund 2	4.7	+2.7	+12.8	+8.5	+9.8	n/a	n/a
Westbourne Mercer Yield Fund	3.3	+1.8	+4.5	+5.9	+6.2	+6.3	+6.3
Ares European Credit Investments (IV) A	1.4	-3.9	+11.0	n/a	n/a	n/a	n/a
Related Real Estate Debt Fund LP	1.2	-0.6	n/a	n/a	n/a	n/a	n/a
Related Real Estate Debt Fund Co-Investment	0.7	n/a	n/a	n/a	n/a	n/a	n/a

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-1.6	-1.7	2.0	2.0	2.3	n/a
Benchmark return	0.3	1.0	1.5	2.0	2.3	n/a
Excess return — before fees	-1.9	-2.7	+0.5	0.0	0.0	n/a

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Global Absolute Return Bonds	-1.7	-2.0	1.5	1.4	1.6	n/a

### Manager performance

The Fund returned -1.6% over the March quarter, underperforming its Cash +1% benchmark by 1.8%. PIMCO, Newton and Payden & Rygel delivered negative excess returns for the quarter as rising yields and widening credit spreads detracted from performance. Ardea outperformed the benchmark and contributed positively for the quarter, taking advantage of market dislocation during the volatile quarter.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Adrea Investment Management	30.7	+2.0	-0.1	n/a	n/a	n/a	n/a
Newton Investment Management	29.6	-3.5	-2.2	+0.8	n/a	n/a	n/a
Payden & Rygel	20.1	-2.4	-1.3	+0.4	n/a	n/a	n/a
PIMCO	19.6	-3.3	n/a	n/a	n/a	n/a	n/a

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Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

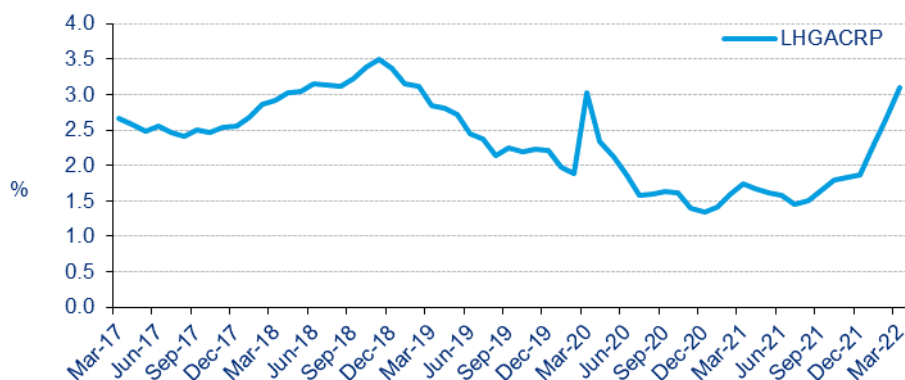
Refer to page 38 for Asset class benchmarks.

## Defensive fixed interest

## Global credit

Global Credit returns were negative, returning -6.7% on a hedged basis over the March quarter.

Bloomberg Global Aggregate Corporate Yield



### Mercer Global Credit Fund

#### Investment performance

Total & excess returns (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-6.3	-4.2	1.9	2.8	3.1	4.9
Benchmark return	-6.5	-4.6	1.5	2.4	2.8	4.4
Excess return — before fees	+0.2	+0.4	+0.4	+0.4	+0.3	+0.5

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — after fees:	-6.4	-4.5	1.5	2.2	2.6	4.4

#### Manager performance

The Fund delivered a -6.3% return over the March quarter, outperforming its benchmark by 0.2%. Over both the 1 and 3 years, the Fund outperformed the benchmark by 0.4% p.a respectively. Over the quarter, Robeco and Wellington delivered positive alpha while AXA generated benchmark-like returns. All managers have outperformed their benchmarks over the past year. Credit markets struggled in the quarter as bond yields rose sharply and credit spreads widened.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Wellington Management	42.7	+0.2	+0.2	+0.5	+0.5	+0.5	+1.0
Robeco	31.0	+0.3	+0.8	+1.2	n/a	n/a	n/a
AXA Investment Managers	26.2	0.0	+0.2	-0.5	-0.4	-0.4	n/a

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

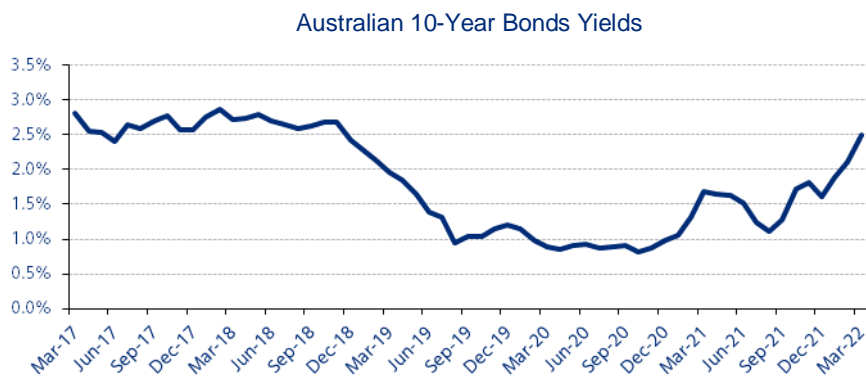
Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Defensive fixed interest

# Australian sovereign bonds

Domestically, the Australian 10-year bond yield (+117bps to 2.84%), five-year bond yield (+126bps to 2.60%) and two-year bond yield (+143bps to 1.80%) all increased. The Bloomberg Ausbond indices returned negative results over the quarter, with the Bloomberg Ausbond Bank producing returning flat, while the Bloomberg Ausbond Treasury Index returned -6.3%.



Source: Reserve Bank of Australia

Mercer Australian Sovereign Bond Fund – Class 1

### Investment performance

Total & excess returns (%)	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-6.3	-5.4	-0.3	2.2	2.0	3.5
Benchmark return	-6.3	-5.5	-0.7	1.8	1.7	3.1
Excess return — before fees	0.0	+0.1	+0.4	+0.4	+0.3	+0.4

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Australian Sovereign Bond Fund – Class 1	-6.4	-5.8	-0.6	1.8	1.6	3.1

### Manager performance

The Fund returned -6.3% over the quarter, performing in-line with the benchmark. Over 1 and 3 years, the Fund has outperformed the benchmark by 0.1% and 0.4% p.a. respectively. The March quarter saw significant rises in Australian Government bond yields (i.e. falling bond prices) as markets began pricing in numerous RBA rate hikes to combat the rising inflation pressures.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Jamieson Coote Bonds	50.2	-0.2	n/a	n/a	n/a	n/a	n/a
Challenger	26.9	+0.2	+0.7	+0.7	+0.8	+0.7	+1.1
Macquarie Investment Management	22.9	0.0	0.0	0.0	0.0	0.0	0.0

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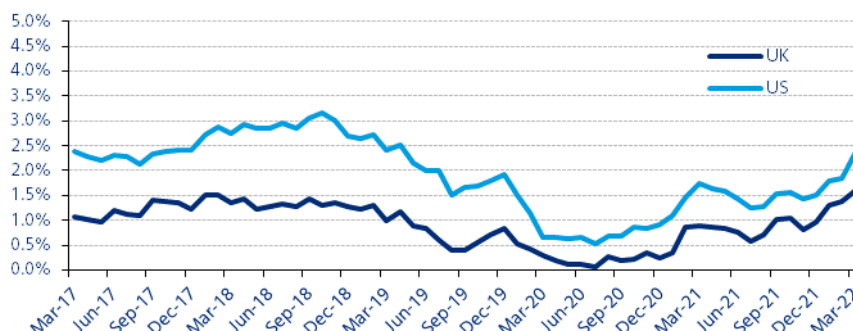
Refer to page 38 for Asset class benchmarks.

## Defensive fixed interest

# Global sovereign bonds

Global sovereign bonds produced negative returns over the March quarter for hedged Australian investors. Ten-year bond yields increased in the US (+83bps to 2.33%), Germany (+69bps to 0.51%), UK (+61bps to 1.59%) and Japan (+14 bps to 0.21%). Two-year bond yields increased in the US (+161bps to 2.27%), Germany (+47bps to 0.19%), UK (+68bps to 1.36) and Japan (+5bps to -0.04%). In terms of global bond indices, the Barclays Capital Global Aggregate Bond Index returned -5.0% and the FTSE World Government Bond (ex-Australia) Index decreased by 4.8% over the March 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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	-3.5	-2.5	1.8	3.1	3.2	4.9
Benchmark return	-4.6	-3.6	0.9	2.0	2.3	3.9
Excess return — before fees	+1.1	+1.1	+0.9	+1.1	+0.9	+1.0

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Global Sovereign Bond Fund – Class 1	-3.6	-2.9	1.4	2.7	2.8	4.5

#### Manager performance

The Fund returned -3.5% over the quarter, outperforming the benchmark by 1.1%. Over 1 and 3 years, the Fund has outperformed the benchmark by 1.1% and 1.0% p.a. respectively. T. Rowe Price was appointed to the Fund in February 2022 and was responsible for the majority of the value added in the quarter. Since inception, the manager has returned 2.2%, outperforming its benchmark by 3.8%. Colchester returned -4.2% in the quarter, outperforming its benchmark by 0.4%. Global Government bond yields rose sharply in the quarter as rising inflation risks have prompted markets to price in significant rate hikes in the US and other developed markets.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
LGIM	44.1	0.0	+0.1	0.0	n/a	n/a	n/a
Colchester Global Investors	29.6	+0.4	+0.1	+0.4	+0.3	n/a	n/a
T Rowe Price	26.3	n/a	n/a	n/a	n/a	n/a	n/a

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

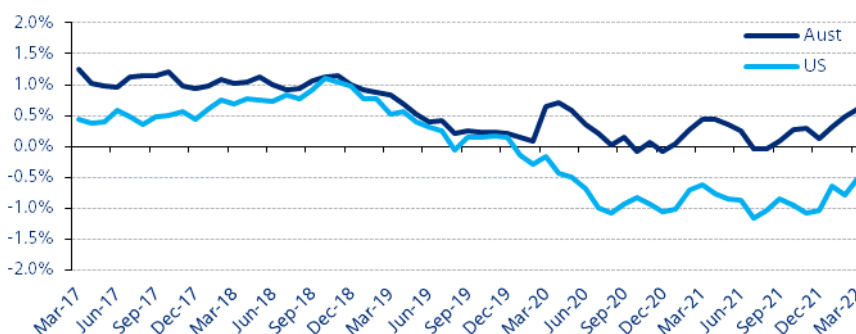
Refer to page 38 for Asset class benchmarks.

## Defensive fixed interest

# Australian inflation plus

The Inflation Plus Fund achieved positive returns over the March quarter. Index returns representing Australian CPI +1% (lagged) delivered 1.6% over the March quarter.

Australian vs US Indexed Bond Yields



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 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	1.4	1.8	3.9	3.8	3.2	3.3
Benchmark return	1.6	4.5	3.2	3.1	2.8	2.9
Excess return — before fees	-0.2	-2.7	+0.7	+0.7	+0.4	+0.4

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Australian Inflation Plus	1.3	1.4	3.4	3.3	2.7	2.8

#### Manager performance

The Fund returned 1.4% in the March quarter, underperforming its benchmark by 0.2%. Over 1 year, the Fund returned 1.8%, underperforming its benchmark by 2.7%. However, over 3 years, the Fund has return 3.9% p.a. and has outperformed its benchmark by 0.7% p.a. While yields on fixed income instruments have increased over the quarter, we note that the benchmark for the Fund is CPI + 1% p.a., which has been rising sharply due to rising inflationary pressures. As such, it has been difficult to outperform the benchmark in the near term.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Ardea Investment Management	100.0	-0.1	-2.7	+1.2	+1.8	+1.2	n/a

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

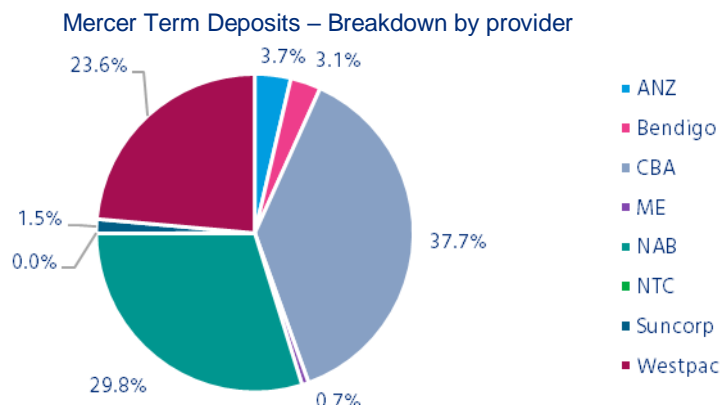
Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Cash

### Cash and term deposits

The RBA has maintained the cash rate to 0.1% until the end of quarter. Australian Dollar (AUD) appreciated against major developed market currencies over the March quarter, finishing at US\$0.75. The AUD appreciated against the USD (3.3%), the Pound Sterling (6.3%), the Japanese Yen (8.9%) and the Euro (5.6%). On a trade-weighted basis, the local currency appreciated 4.1% over the quarter.



#### Term Deposit – Maturity buckets at 31 March 2022 (%)

0 to 90 days	30.8%
91 to 180 days	27.4%
181 to 270 days	33.2%
271 to 365 days	8.6%

#### Mercer Cash – Term Deposit Units

Average maturity (months)	4.8
Average yield	0.4

## Mercer Cash Fund

### Investment performance

Mercer Cash Fund – Cash Units	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	0.0	0.1	0.7	1.3	1.6	2.1
Benchmark return	0.0	0.0	0.5	1.0	1.3	1.8
Excess return — before fees	0.0	+0.1	+0.2	+0.3	+0.3	+0.3
Mercer Cash Fund – Term Deposit Units	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Total returns — before fees	0.1	0.2	0.9	1.5	1.8	2.3
Benchmark return	0.0	0.0	0.5	1.0	1.3	1.8
Excess return — before fees	+0.1	+0.2	+0.4	+0.5	+0.5	+0.5
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Cash Fund – Cash Units	0.0	-0.2	0.4	1.0	1.3	1.8
Mercer Cash Fund – Term Deposit Units	0.0	-0.1	0.5	1.1	1.5	2.0

### Manager performance

The Fund performed in line with the benchmark over the quarter. Over 1 and 3 years, the Fund has outperformed the benchmark by 0.1% and 0.2% p.a. respectively.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
BlackRock	81.7	0.0	+0.1	+0.2	+0.2	+0.2	n/a
Challenger	18.3	+0.1	+0.2	+0.4	+0.5	+0.5	+0.6

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 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 4.0% per annum over rolling ten year periods. This objective for the ten years to quarter end was 6.0% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	10 yrs <sup>^</sup> (p.a.)
Total returns	-4.2	10.3	11.4	11.8
Benchmark return*	-3.4	10.7	11.0	11.7
Excess returns	-0.8	-0.4	+0.4	+0.1

\* Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	10 yrs <sup>^</sup> (p.a.)
Total returns	-4.5	9.2	10.3	10.5

<sup>^</sup> Time horizon for this fund's objective (refer above)

Asset allocation (%)		B'mark	Total
Shares	Australian Shares - Large Cap	40.0	41.9
	Australian Shares - Small Cap	5.0	5.1
	International Shares - Large Cap	31.0	30.2
	International Shares - Low Vol	10.0	10.1
	Global Shares - Small Cap	7.0	6.3
	Emerging Markets Shares	7.0	6.1
Cash	Cash	0.0	0.3
		100.0	100.0
	<i>FX Exposure</i>	42.0	39.9

Performance attribution this quarter (%)	
Asset allocation	-0.1
Stock/manager selection	-0.7
<b>Excess return for quarter – before fees</b>	<b>-0.8</b>

### Mercer High Growth Fund

#### Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 4.0% 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 <sup>^</sup> (p.a.)
Total returns	-3.1	8.9	10.2	8.5
Benchmark return*	-2.4	9.1	9.2	7.9
Excess returns	-0.7	-0.2	+1.0	+0.6

\* Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	7 yrs <sup>^</sup> (p.a.)
Total returns	-3.3	7.7	9.0	7.3

<sup>^</sup> 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	35.0	0.0	35.0
	Australian Shares - Small Cap	3.0	3.2	0.0	3.2
	International Shares - Lge Cap	23.0	24.9	0.0	24.9
	International Shares - Low Vol	6.0	4.2	0.0	4.2
	Global Shares - Small Cap	6.0	5.4	0.0	5.4
Real Assets	Emerging Markets Shares	6.0	3.3	0.0	3.3
	Global Listed Property**	0.0	1.4	0.0	1.4
	Australian Direct Property	7.0	3.2	3.1	6.3
	Global Listed Infrastructure**	0.0	1.0	0.0	1.0
Alternatives	Global Unlisted Infrastructure	8.0	3.3	1.5	4.8
	Natural Resources	1.0	1.5	0.0	1.5
	Private Equity	0.0	0.0	0.0	0.0
Growth Fixed Interest	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	1.0	0.5	0.4	0.9
	Hedge Funds	0.0	0.0	0.0	0.0
	Private Debt	3.0	0.8	0.7	1.5
Defensive Fixed Interest & Cash	High Yield Debt	0.0	0.5	0.4	0.9
	Emerging Markets Debt	3.0	1.1	1.1	2.2
	Global Absolute Return Bonds	0.0	0.0	0.0	0.0
	Global Credit	0.0	0.0	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0	1.4	1.4
	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	2.1	2.1	
		100.0	89.3	10.7	100.0
	<i>FX Exposure</i>	34.0			30.0

\*\* Refer to page 37 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	-0.3
Stock/manager selection	-0.4
<b>Excess return for quarter – before fees</b>	<b>-0.7</b>

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, Emerging Markets Debt, Private Equity and Sustainable Opportunities.

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.  
 Refer to page 38 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 3.5% per annum over rolling five year periods. This objective for the five years to quarter end was 5.5% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs <sup>^</sup> (p.a.)
Total returns	-2.5	8.6	9.6	9.0
Benchmark return*	-2.3	7.4	8.1	7.8
Excess returns	-0.2	+1.2	+1.5	+1.2

\*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs <sup>^</sup> (p.a.)
Total returns	-2.7	7.6	8.5	8.1

<sup>^</sup> 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	24.5	28.7	0.0	28.7
	Australian Shares - Small Cap	2.0	2.2	0.0	2.2
	International Shares - Lge Cap	20.5	20.5	0.0	20.5
	International Shares - Low Vol	6.0	4.0	0.0	4.0
	Global Shares - Small Cap	2.0	2.0	0.0	2.0
	Emerging Markets Shares	4.0	2.7	0.0	2.7
	Global Listed Property**	0.0	1.2	0.0	1.2
Real Assets	Australian Direct Property	7.0	3.4	3.3	6.7
	Global Listed Infrastructure**	0.0	0.9	0.0	0.9
	Global Unlisted Infrastructure	8.0	3.5	1.6	5.1
	Natural Resources	1.0	1.6	0.0	1.6
Alternatives	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	1.0	0.5	0.5	1.0
Growth Fixed Interest	Hedge Funds	0.0	0.0	0.0	0.0
	Private Debt	5.0	1.1	1.2	2.3
	High Yield Debt	2.0	1.5	1.4	2.9
Defensive Fixed Interest & Cash	Emerging Markets Debt	4.0	1.6	1.7	3.3
	Global Absolute Return Bonds	2.0	0.0	2.9	2.9
	Global Credit	0.0	0.0	1.1	1.1
	Australian Sovereign Bonds	4.0	0.0	2.8	2.8
	Global Sovereign Bonds	4.0	0.0	2.8	2.8
	Australian Inflation Plus	0.0	0.0	1.3	1.3
	Cash	3.0	0.0	4.0	4.0
		100.0	75.4	24.6	100.0

FX Exposure 28.0 25.5

\*\* Refer to page 37 for more information on manager line up for this asset class

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

### Mercer Moderate Growth Fund – Active 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. This objective for the four years to quarter end was 4.6% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	4 yrs <sup>^</sup> (p.a.)
Total returns	-2.3	5.8	6.5	6.6
Benchmark return*	-2.1	4.8	5.6	6.1
Excess returns	-0.2	+1.0	+0.9	+0.5

\*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	4 yrs <sup>^</sup> (p.a.)
Total returns	-2.5	4.9	5.6	5.8

<sup>^</sup> 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	18.5	21.6	0.0	21.6
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	12.0	12.8	0.0	12.8
	International Shares - Low Vol	6.0	4.0	0.0	4.0
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	4.0	1.8	0.0	1.8
	Global Listed Property**	0.0	1.0	0.0	1.0
Real Assets	Australian Direct Property	5.5	2.8	2.8	5.6
	Global Listed Infrastructure**	0.0	0.7	0.0	0.7
	Global Unlisted Infrastructure	5.5	2.6	1.1	3.7
	Natural Resources	1.0	1.7	0.0	1.7
Alternatives	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	1.0	0.5	0.6	1.1
Growth Fixed Interest	Hedge Funds	0.0	0.0	0.0	0.0
	Private Debt	5.4	1.3	1.4	2.7
	High Yield Debt	2.0	1.4	1.4	2.8
Defensive Fixed Interest & Cash	Emerging Markets Debt	4.1	1.6	1.6	3.2
	Global Absolute Return Bonds	3.0	0.0	4.8	4.8
	Global Credit	2.5	0.0	4.0	4.0
	Australian Sovereign Bonds	7.0	0.0	7.3	7.3
	Global Sovereign Bonds	6.0	0.0	4.6	4.6
	Australian Inflation Plus	5.0	0.0	4.1	4.1
	Cash	11.5	0.0	12.5	12.5
		100.0	53.8	46.2	100.0

FX Exposure 23.5 20.5

\*\* Refer to page 37 for more information on manager line up for this asset class

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

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, Emerging Markets Debt, Private Equity and Sustainable Opportunities.

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.  
 Refer to page 38 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 1.5% per annum over rolling three year periods. This objective for the three years to quarter end was 3.8% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs <sup>^</sup> (p.a.)	5 yrs (p.a.)
Total returns	-2.1	3.9	5.0	5.3
Benchmark return*	-1.8	3.2	4.1	4.6
Excess returns	-0.3	+0.7	+0.9	+0.7

\*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs <sup>^</sup> (p.a.)	5 yrs (p.a.)
Total returns	-2.3	3.1	4.2	4.5

<sup>^</sup> 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	10.0	13.2	0.0	13.2
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	6.1	6.2	0.0	6.2
	International Shares - Low Vol	5.9	4.4	0.0	4.4
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	0.0	0.0	0.0	0.0
Real Assets	Global Listed Property**	2.0	2.7	0.0	2.7
	Australian Direct Property	4.0	2.0	1.9	3.9
	Global Listed Infrastructure**	0.0	0.7	0.0	0.7
	Global Unlisted Infrastructure	5.0	2.3	0.9	3.2
Alternatives	Natural Resources	1.0	1.6	0.0	1.6
	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
	Diversified Growth Funds	1.0	0.5	0.5	1.0
Growth Fixed Interest	Hedge Funds	0.0	0.0	0.0	0.0
	Private Debt	4.5	1.1	1.1	2.2
	High Yield Debt	2.0	1.3	1.4	2.7
Defensive Fixed Interest & Cash	Emerging Markets Debt	2.0	0.7	0.7	1.4
	Global Absolute Return Bonds	4.0	0.0	4.6	4.6
	Global Credit	3.0	0.0	6.1	6.1
	Australian Sovereign Bonds	11.0	0.0	10.3	10.3
	Global Sovereign Bonds	10.0	0.0	7.8	7.8
	Australian Inflation Plus	7.0	0.0	6.9	6.9
	Cash	21.5	0.0	21.1	21.1
<b>FX Exposure</b>	<b>100.0</b>	<b>36.7</b>	<b>63.3</b>	<b>100.0</b>	

\*\* Refer to page 37 for more information on manager line up for this asset class

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

### Mercer 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 five year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs <sup>^</sup> (p.a.)
Total returns	-3.2	8.1	8.4	n/a
Benchmark return*	-3.4	7.4	8.5	n/a
Excess returns	+0.2	+0.7	-0.1	n/a

\*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs <sup>^</sup> (p.a.)
Total returns	-3.3	7.8	8.1	n/a

<sup>^</sup> 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	33.0	0.0	33.0
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	28.0	29.9	0.0	29.9
	International Shares - Low Vol	2.0	2.0	0.0	2.0
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	7.0	3.7	0.0	3.7
Real Assets	Global Listed Property**	5.0	5.2	0.0	5.2
	Australian Direct Property	0.0	0.0	0.0	0.0
	Global Listed Infrastructure**	0.0	0.0	0.0	0.0
	Global Unlisted Infrastructure	0.0	0.0	0.0	0.0
Alternatives	Natural Resources	0.0	0.0	0.0	0.0
	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
Growth Fixed Interest	Hedge Funds	0.0	0.0	0.0	0.0
	Private Debt	0.0	0.0	0.0	0.0
	High Yield Debt	6.5	2.5	2.4	4.9
Defensive Fixed Interest & Cash	Emerging Markets Debt	0.0	0.0	0.0	0.0
	Global Absolute Return Bonds	0.0	0.0	0.0	0.0
	Global Credit	0.0	0.0	1.8	1.8
	Australian Sovereign Bonds	7.0	0.0	6.2	6.2
	Global Sovereign Bonds	7.0	0.0	6.2	6.2
	Australian Inflation Plus	3.0	0.0	3.6	3.6
	Cash	4.5	0.0	3.5	3.5
<b>FX Exposure</b>	<b>100.0</b>	<b>76.3</b>	<b>23.7</b>	<b>100.0</b>	

\*\* Refer to page 37 for more information on manager line up for this asset class

Performance attribution this quarter (%)	
Asset allocation	0.2
Stock/manager selection	0.0
<b>Excess return for quarter – before fees</b>	<b>0.2</b>

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, Emerging Markets Debt, Private Equity and Sustainable Opportunities.

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

Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.

Refer to page 38 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 1.5% 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	-3.1	5.5	6.8	n/a
Benchmark return*	-3.1	4.9	6.6	n/a
Excess returns	0.0	+0.6	+0.2	n/a

\*Composite benchmark of relevant indices

Total returns – after fees (%)	3 months	1 year	3 yrs (p.a.)	4 yrs^ (p.a.)
Total returns	-3.3	5.2	6.6	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	24.3	0.0	24.3
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	19.5	19.7	0.0	19.7
	International Shares - Low Vol	2.0	2.4	0.0	2.4
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	5.0	5.1	0.0	5.1
Real Assets	Global Listed Property**	3.5	4.0	0.0	4.0
	Australian Direct Property	0.0	0.0	0.0	0.0
	Global Listed Infrastructure**	0.0	0.0	0.0	0.0
	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	6.5	2.6	2.5	5.1
	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	2.5	0.0	2.5	2.5
	Australian Sovereign Bonds	10.0	0.0	9.4	9.4
	Global Sovereign Bonds	9.5	0.0	10.6	10.6
	Australian Inflation Plus	6.5	0.0	5.2	5.2
	Cash	13.0	0.0	11.7	11.7
	<b>FX Exposure</b>	<b>22.5</b>	<b>58.1</b>	<b>41.9</b>	<b>100.0</b>

\*\* Refer to page 37 for more information on manager line up for this asset class

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

### Mercer Conservative Growth Fund – Enhanced Passive Units

#### Objectives

- To achieve a return (before management costs) that exceeds CPI increases by at least 1.0% 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	-3.2	2.6	4.7	4.7
Benchmark return*	-2.9	2.4	4.6	4.6
Excess returns	-0.3	+0.2	+0.1	+0.1

\*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	2.4	4.5	4.5

^ 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	14.0	15.3	0.0	15.3
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	11.0	11.5	0.0	11.5
	International Shares - Low Vol	2.0	1.9	0.0	1.9
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	3.0	1.8	0.0	1.8
Real Assets	Global Listed Property**	2.0	2.3	0.0	2.3
	Australian Direct Property	0.0	0.0	0.0	0.0
	Global Listed Infrastructure**	0.0	0.0	0.0	0.0
	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	6.5	2.5	2.6	5.1
	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	7.2	7.2
	Australian Sovereign Bonds	13.0	0.0	18.2	18.2
	Global Sovereign Bonds	12.0	0.0	11.6	11.6
	Australian Inflation Plus	10.0	0.0	5.0	5.0
	Cash	21.5	0.0	20.1	20.1
	<b>FX Exposure</b>	<b>15.0</b>	<b>35.3</b>	<b>64.7</b>	<b>100.0</b>

\*\* Refer to page 37 for more information on manager line up for this asset class

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

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, Emerging Markets Debt, Private Equity and Sustainable Opportunities.

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.  
 Refer to page 38 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.)	7 yrs (p.a.)
Total returns	-2.9	9.4	10.2	8.4
Benchmark return*	-2.5	9.0	9.2	7.7
Excess returns	-0.4	+0.4	+1.0	+0.7

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs^ (p.a.)	7 yrs (p.a.)
Total returns	-3.0	8.5	9.1	7.3

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	36.5
	Australian Shares - Small Cap	3.0	3.7
	International Shares - Large Cap	23.0	23.9
	International Shares - Low Vol	6.0	4.1
	Global Shares - Small Cap	5.0	4.7
	Emerging Markets Shares	8.0	4.7
Real Assets	Global Listed Property**	0.0	1.1
	Australian Direct Property	7.0	6.0
	Global Listed Infrastructure**	0.0	0.9
	Global Unlisted Infrastructure	8.0	4.6
	Natural Resources	1.0	1.4
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	0.9
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.2
	High Yield Debt	0.0	1.0
	Emerging Markets Debt	2.9	2.3
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Credit	0.0	0.2
	Australian Sovereign Bonds	0.0	0.1
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	2.7
		100.0	100.0
FX Exposure		37.0	30.8

\*\* Refer to page 37 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.)	7 yrs (p.a.)
Total returns	-3.0	9.4	10.2	8.4
Benchmark return*	-2.5	9.0	9.2	7.7
Excess returns	-0.5	+0.4	+1.0	+0.7

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs^ (p.a.)	7 yrs (p.a.)
Total returns	-3.0	8.6	9.2	7.3

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	35.7
	Australian Shares - Small Cap	3.0	3.6
	International Shares - Large Cap	23.0	24.4
	International Shares - Low Vol	6.0	4.0
	Global Shares - Small Cap	5.0	4.7
	Emerging Markets Shares	8.0	5.0
Real Assets	Global Listed Property**	0.0	1.2
	Australian Direct Property	7.0	6.4
	Global Listed Infrastructure**	0.0	0.9
	Global Unlisted Infrastructure	8.0	4.9
	Natural Resources	1.0	1.5
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	0.9
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.3
	High Yield Debt	0.0	0.9
	Emerging Markets Debt	2.9	2.2
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Credit	0.0	0.2
	Australian Sovereign Bonds	0.0	0.1
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	2.1
		100.0	100.0
FX Exposure		37.0	32.2

\*\* Refer to page 37 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, Emerging Markets Debt, Private Equity and Sustainable Opportunities.

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

Refer to page 37 – 'Important notes about this report' - for further information on the calculation of returns.

Refer to page 38 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.)	7 yrs (p.a.)
Total returns	-2.9	9.5	10.2	8.4
Benchmark return*	-2.5	9.0	9.2	7.7
Excess returns	-0.4	+0.5	+1.0	+0.7

\*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-3.0	8.6	9.1	7.3

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	32.0	35.8
	Australian Shares - Small Cap	3.0	3.7
	International Shares - Large Cap	23.0	24.4
	International Shares - Low Vol	6.0	4.0
	Global Shares - Small Cap	5.0	4.7
	Emerging Markets Shares	8.0	4.8
Real Assets	Global Listed Property**	0.0	1.2
	Australian Direct Property	7.0	6.5
	Global Listed Infrastructure**	0.0	0.9
	Global Unlisted Infrastructure	8.0	4.9
	Natural Resources	1.0	1.5
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	1.0
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.3
	High Yield Debt	0.0	0.9
	Emerging Markets Debt	2.9	2.3
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Credit	0.0	0.2
	Australian Sovereign Bonds	0.0	0.1
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	1.8
		100.0	100.0
FX Exposure	37.0	32.1	

\*\* Refer to page 37 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.)	7 yrs (p.a.)
Total returns	-2.9	9.5	10.2	8.4
Benchmark return*	-2.5	9.0	9.2	7.7
Excess returns	-0.4	+0.5	+1.0	+0.7

\*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-3.0	8.6	9.1	7.3

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	32.0	35.6
	Australian Shares - Small Cap	3.0	3.6
	International Shares - Large Cap	23.0	24.1
	International Shares - Low Vol	6.0	4.1
	Global Shares - Small Cap	5.0	4.7
	Emerging Markets Shares	8.0	5.0
Real Assets	Global Listed Property**	0.0	1.2
	Australian Direct Property	7.0	6.6
	Global Listed Infrastructure**	0.0	0.9
	Global Unlisted Infrastructure	8.0	5.0
	Natural Resources	1.0	1.5
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	1.0
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.3
	High Yield Debt	0.0	0.9
	Emerging Markets Debt	2.9	2.3
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Credit	0.0	0.2
	Australian Sovereign Bonds	0.0	0.1
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	1.9
		100.0	100.0
FX Exposure	37.0	32.0	

\*\* Refer to page 37 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, Emerging Markets Debt, Private Equity and Sustainable Opportunities.

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.  
 Refer to page 38 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 4.5% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-2.9	9.5	10.1	8.3
Benchmark return*	-2.5	9.0	9.1	7.7
Excess returns	-0.4	+0.5	+1.0	+0.6

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-3.0	8.7	9.0	7.3

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	32.0	36.3
	Australian Shares - Small Cap	3.0	3.5
	International Shares - Large Cap	23.0	23.8
	International Shares - Low Vol	6.0	4.1
	Global Shares - Small Cap	5.0	4.7
	Emerging Markets Shares	8.0	4.9
Real Assets	Global Listed Property**	0.0	1.2
	Australian Direct Property	7.0	6.6
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	8.0	5.0
	Natural Resources	1.0	1.5
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	1.0
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.3
	High Yield Debt	0.0	0.9
	Emerging Markets Debt	2.9	2.2
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.2
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	1.8
		100.0	100.0
<b>FX Exposure</b>	<b>37.0</b>	<b>32.1</b>	

\*\* Refer to page 37 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 4.25% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-2.8	8.9	9.4	7.8
Benchmark return*	-2.5	8.7	8.4	7.2
Excess returns	-0.3	+0.2	+1.0	+0.6

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-2.9	8.1	8.4	6.8

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	29.2	32.5
	Australian Shares - Small Cap	2.3	2.9
	International Shares - Large Cap	20.7	22.7
	International Shares - Low Vol	6.0	4.1
	Global Shares - Small Cap	4.1	3.7
	Emerging Markets Shares	6.7	3.6
Real Assets	Global Listed Property**	0.6	1.7
	Australian Direct Property	7.0	6.7
	Global Listed Infrastructure**	0.0	0.9
	Global Unlisted Infrastructure	7.9	5.1
	Natural Resources	1.0	1.6
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	1.5	1.5
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	3.0	1.6
	High Yield Debt	1.4	2.0
	Emerging Markets Debt	3.1	2.3
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.3	1.1
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	1.5	1.0
	Global Sovereign Bonds	1.5	1.0
	Australian Inflation Plus	0.6	0.7
	Cash	1.6	3.3
		100.0	100.0
<b>FX Exposure</b>	<b>35.0</b>	<b>29.5</b>	

\*\* Refer to page 37 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, Emerging Markets Debt, Private Equity and Sustainable Opportunities.

**NOTE: Past performance is not a reliable indicator of future performance.**  
 Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.  
 Refer to page 38 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 3.75% per annum over rolling seven year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-2.7	7.7	8.2	7.0
Benchmark return*	-2.4	7.3	7.2	6.4
Excess returns	-0.3	+0.4	+1.0	+0.6

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-2.8	6.9	7.2	6.0

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	23.6	27.6
	Australian Shares - Small Cap	1.4	2.2
	International Shares - Large Cap	17.1	17.6
	International Shares - Low Vol	6.0	4.2
	Global Shares - Small Cap	2.2	2.1
	Emerging Markets Shares	5.2	3.3
Real Assets	Global Listed Property**	1.1	2.3
	Australian Direct Property	7.0	7.0
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	7.9	5.3
	Natural Resources	1.0	1.6
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	1.5	1.6
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	4.7	2.2
	High Yield Debt	3.5	4.1
	Emerging Markets Debt	4.3	3.3
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	1.8	2.4
	Global Credit	0.0	1.9
	Australian Sovereign Bonds	3.4	2.2
	Global Sovereign Bonds	3.4	2.2
	Australian Inflation Plus	1.1	1.2
	Cash	3.8	4.7
		100.0	100.0
<b>FX Exposure</b>	<b>31.0</b>	<b>27.1</b>	

\*\* Refer to page 37 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 3.25% per annum over rolling six year periods.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	6 yrs (p.a.)
Total returns	-2.6	6.2	7.1	6.3
Benchmark return*	-2.3	5.9	6.1	5.7
Excess returns	-0.3	+0.3	+1.0	+0.6

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	6 yrs (p.a.)
Total returns	-2.7	5.5	6.2	5.4

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	18.8	22.3
	Australian Shares - Small Cap	0.7	1.6
	International Shares - Large Cap	13.1	11.7
	International Shares - Low Vol	6.0	4.2
	Global Shares - Small Cap	0.7	0.7
	Emerging Markets Shares	3.7	3.7
Real Assets	Global Listed Property**	1.7	3.0
	Australian Direct Property	6.9	7.3
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	7.9	5.5
	Natural Resources	1.0	1.7
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	1.5	2.2
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	6.2	3.2
	High Yield Debt	5.4	6.3
	Emerging Markets Debt	5.4	4.2
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	3.3	4.0
	Global Credit	0.0	1.8
	Australian Sovereign Bonds	5.3	2.6
	Global Sovereign Bonds	5.3	4.1
	Australian Inflation Plus	1.7	2.9
	Cash	5.4	6.0
		100.0	100.0
<b>FX Exposure</b>	<b>27.5</b>	<b>25.3</b>	

\*\* Refer to page 37 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, Emerging Markets Debt, Private Equity and Sustainable Opportunities.

# 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 yrs (p.a.)	5 yrs (p.a.)
Listed Property				
Macquarie Investment Management	0.0	-0.1	0.0	0.0
Listed Infrastructure				
Macquarie Investment Management	0.0	0.0	+0.1	+0.1

- 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 Low Volatility Shares	Enhanced: MSCI Min Vol \$A Optimised in \$A unhedged
Global Small Companies	MSCI World Small Cap Index in A\$ <i>Prior to September 2014, the benchmark was S&amp;P Developed Small Cap Index. Therefore, calculations for longer period benchmark returns are inclusive of this report</i>
Sustainable Plus 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 (ex Tobacco and Controversial Weapons) 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

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