



Mercer Funds

# Quarterly report

to 30 June 2022

welcome to brighter

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# Economy and markets

Markets sold off broadly over the second quarter of 2022. Asset prices were challenged by central bank tightening, economic growth momentum fading and the earnings outlook becoming more challenged. Inflation in the US came in above expectation this quarter and other regions have continued to experience persistent, elevated inflation. Economic data hinted at a slowdown and led to increased recession fears.

Hedged Developed Market Overseas Shares returned -15.1% for the quarter with poor economic and inflation data in the US driving the losses. Australian shares fell 12.2% with recession fears leading the commodity heavy index lower. Emerging market equities outperformed their global counterparts over the quarter, posting a -3.3% decline. Chinese equities contributed positively to the index over the quarter on the back of a further reopening of the economy and accommodative monetary policy. Conversely, commodity heavy Latin American countries detracted from the EM index over the quarter.

Hedged Overseas Government Bonds returned -4.9% over the quarter as rates continued to rise. The US 10-year yield ended the month at 3.0%. Australian 10-year government bond yields moved in the same direction, with Australian government bonds returning -3.8%. Credit spreads also widened in this risk-off environment, which led to poor performance for credit and growth fixed income assets.

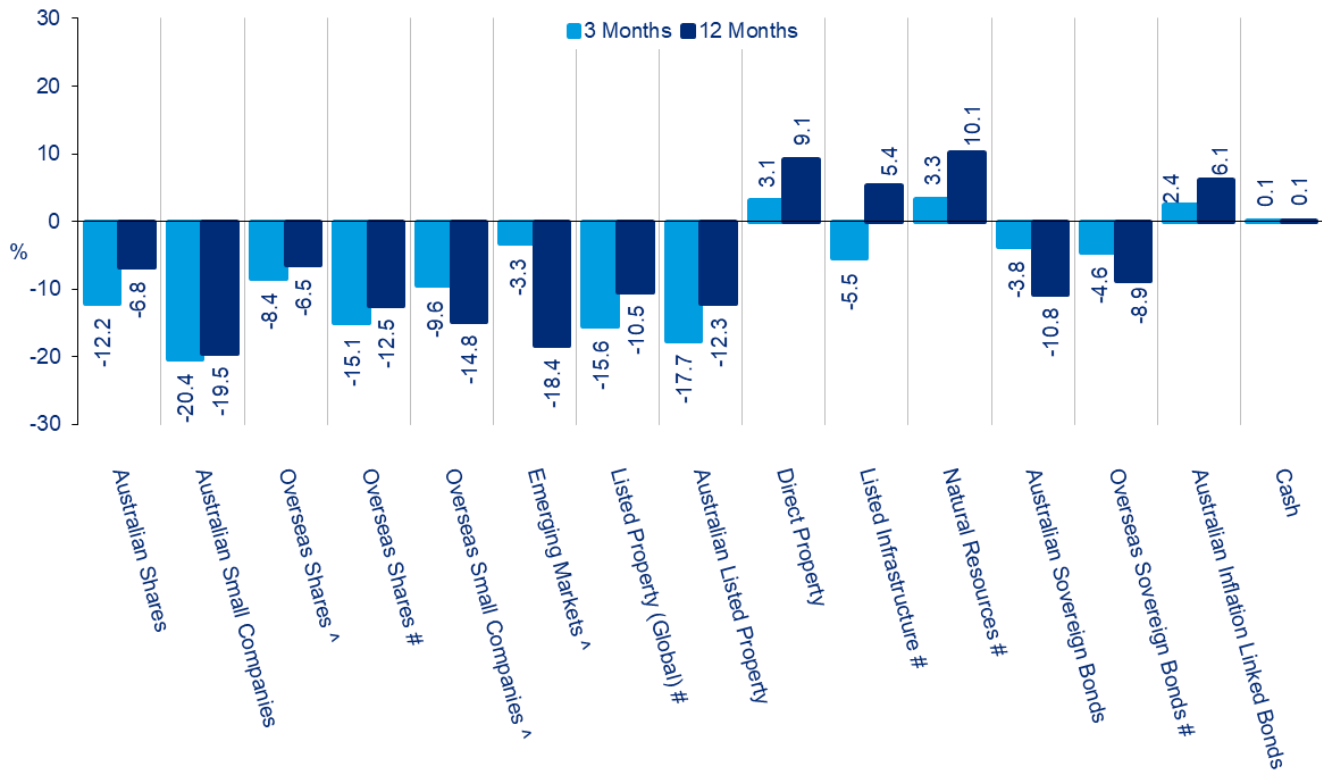
Whilst Australian shares outperformed overseas shares over the quarter, the ASX300 still posted a sharp 12.2% decline. Further declines were felt in small caps, with the ASX Small Ordinaries declining 20.4%. The strongest performing sectors over the quarter were Energy (1.2%) and Utilities (1.7%), whilst the worst performing sectors were IT (-26.3%) and Real Estate (-17.6%). Westpac and ANZ were the largest negative contributors to the ASX300 over the quarter.

**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.

# Financial market returns to 30 June 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.

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Refer to page 38 for Asset class benchmarks.

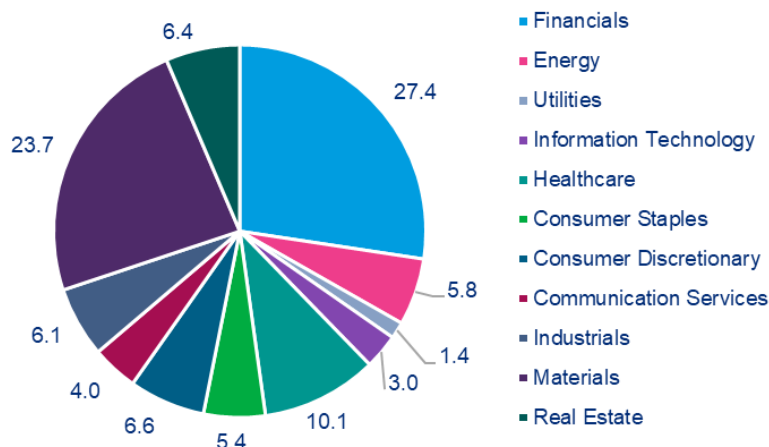
## Shares

### Australian shares

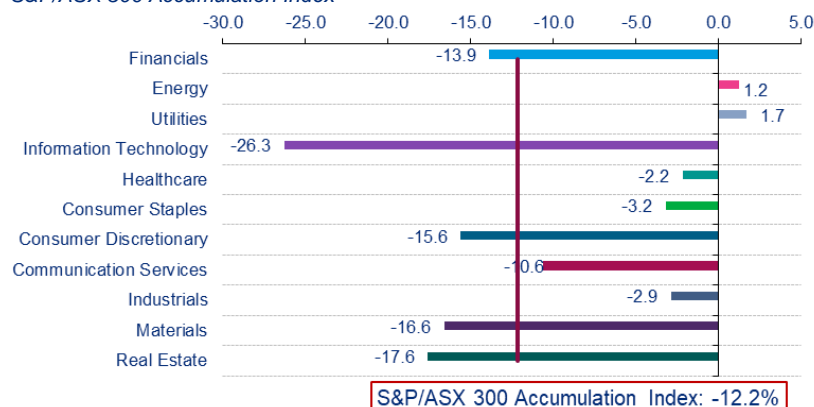
Australian shares were negative over Q2 2022 as the S&P/ASX 300 Index returned -12.2% for the period. The S&P/ASX 50 Accumulation Index was the strongest performer for the quarter returning -10.6%, while the S&P/ASX Small Ordinaries was the weakest performer, returning -20.4%. The best performing sectors were Energy and Utilities, while the weakest performing sectors were IT and Real Estate. The largest positive contributors to the return of the index were CSL, BHP and Transurban. On the other hand, the most significant detractors from performance were Westpac, ANZ and Macquarie.

#### Mercer Australian Shares Funds\*\*

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



Benchmark sector returns for the three months to 30 June 2022(%)  
S&P/ASX 300 Accumulation Index



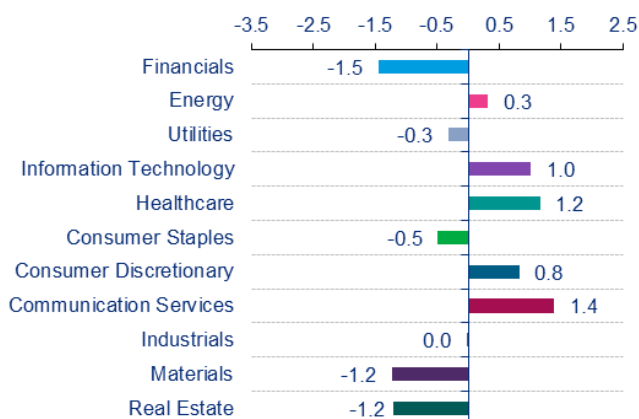
\*\* In this Quarterly Report, 'Australian Shares Funds' refers to:

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

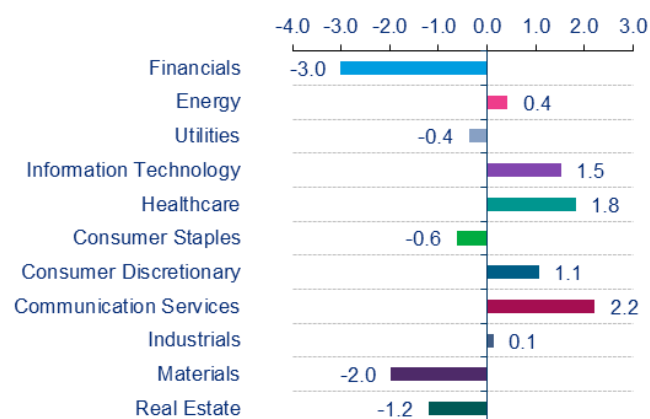
Only the sector exposure differs between the Funds. Benchmark weights etc. apply to both Funds.

#### Sector Exposure — Overweight/Underweight positions as at 30 June 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	9.6	10.4	BHP Group Ltd	9.3	10.4
CSL	7.2	6.5	CSL	7.7	6.5
Commonwealth Bank	5.8	7.7	Commonwealth Bank	5.2	7.7
National Australia Bank	4.3	4.4	National Australia Bank	4.1	4.4
ANZ Banking Group	3.5	3.1	ANZ Banking Group	3.7	3.1
Telstra Corporation	2.9	2.2	Telstra Corporation	3.2	2.2
Macquarie Group Ltd	2.8	3.0	Santos Ltd	3.2	1.1
Aristocrat Leisure Ltd	2.5	1.1	Aristocrat Leisure Ltd	3.0	1.1
Santos Ltd	2.4	1.1	Macquarie Group Ltd	2.6	3.0
Woolworths Group Ltd	2.3	2.2	Woolworths Group Ltd	2.6	2.2

#### 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	-12.3	-6.3	4.1	7.2	7.4	9.9
Benchmark return	-12.2	-6.8	3.4	6.9	7.0	9.2
Excess return — before fees	-0.1	+0.5	+0.7	+0.3	+0.4	+0.7
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	-12.8	-6.7	4.7	7.6	8.0	10.2
Benchmark return	-12.2	-6.8	3.4	6.9	7.0	9.2
Excess return — before fees	-0.6	+0.1	+1.3	+0.7	+1.0	+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 Australian Shares Fund	-12.4	-7.3	3.3	6.3	6.5	8.9
Mercer Australian Shares Plus Fund	-13.1	-7.9	3.6	6.5	6.9	9.0

#### Manager performance

The fund performed in line with the benchmark over the quarter. Stock selection detracted from performance, while asset allocation had a positive contribution. An underweight to Transurban alongside overweight positions in OZ Minerals and SEEK were key drivers of underperformance, yet were slightly offset by value added by overweight positions in QBE and Santos. From an asset allocation perspective, overweight exposure to energy and an underweight to real estate contributed to performance, while an overweight to information technology and an underweight to utilities detracted.

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	35.1	0.0	+0.4	+0.3	+0.7	+0.8	+0.3	n/a
Greencape	14.5	21.5	-0.2	-0.9	+2.6	+1.8	+2.1	n/a
WaveStone Capital	13.7	20.2	+1.0	+2.9	+1.9	+2.6	+2.9	n/a
Vinva Investment Management	11.5	16.9	+0.2	+0.5	-1.1	-1.2	n/a	n/a
Ausbil Investment Management	11.0	16.2	+0.4	+4.9	+5.4	+3.7	+3.4	+4.6
Firetrail	8.0	11.9	-0.3	+1.2	+2.0	n/a	n/a	n/a
Fidelity	6.2	9.2	-2.2	-5.0	-2.9	+3.1	+2.7	n/a
First Sentier Investors	0.0	1.8	+3.5	+6.9	+9.6	+8.5	n/a	n/a
Longwave Capital Partners	0.0	1.2	+4.9	+7.2	n/a	n/a	n/a	n/a
Perennial Value Management	0.0	1.1	-0.5	+0.1	+4.4	+4.5	+4.5	+5.3

### 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	-12.2	-7.1	3.3	6.6	6.7	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.

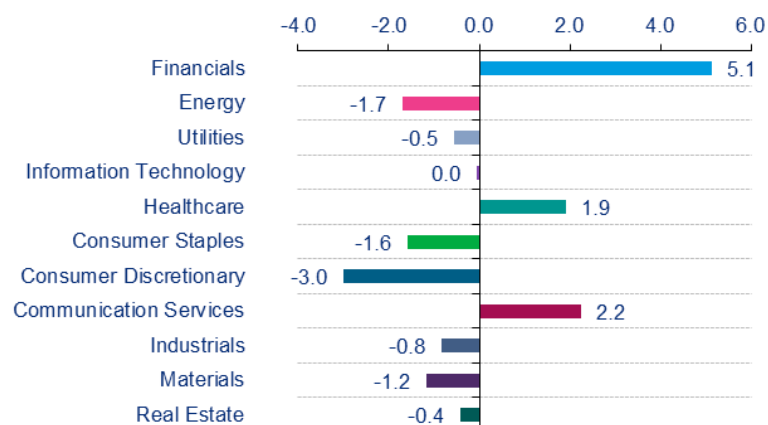
## Shares

# Australian shares – sustainable plus

Australian shares were negative over Q2 2022 as the S&P/ASX 300 Index returned -12.2% for the period. The S&P/ASX 50 Accumulation Index was the strongest performer for the quarter returning -10.6%, while the S&P/ASX Small Ordinaries was the weakest performer, returning -20.4%.

### Mercer Sustainable Plus Australian Shares Fund

Sector Exposure — Overweight/Underweight positions as at 30 June 2022(%)



### Top 10 holdings

Stock	% of Fund	% of Benchmark
BHP Group Ltd	10.4	10.4
CSL	7.5	6.5
Commonwealth Bank	6.5	7.7
National Australia Bank	5.4	4.4
Macquarie Group Ltd	3.5	3.0
Telstra Corporation	3.3	2.2
Westpac Banking Corporation	2.8	3.4
QBE Insurance Group Ltd	2.7	0.9
ANZ Banking Group	2.4	3.1
Woodside Energy Group Ltd	2.3	3.0

### 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	-12.7	-7.5	5.1	7.5	7.7	10.6
Benchmark return	-12.2	-6.8	3.4	6.9	7.0	9.2
Excess return — before fees	-0.5	-0.7	+1.7	+0.6	+0.7	+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	-13.0	-8.7	4.0	6.4	6.6	9.4

### Manager performance

During the second quarter of 2022, the fund underperformed the index by 0.5%. Australian equities declined across the board over the quarter, amid concerns over rising interest rates and downside risks to economic growth. The sudden hiking of interest rates by the RBA in light of rampaging inflation saw a widespread repricing of risk across asset classes. Sector allocation in the fund mostly had a neutral impact on excess returns with an overweight to financials and an under weight to resources being the most significant positive contributors while an underweight to industrials being the most significant detractor. Security selection had a negative impact over the quarter. Overweight holdings in QBE Insurance Group and Medibank Private were the most significant contributors while an underweight to Transurban Group and an overweight in Sims Ltd detracted from performance.

Managers	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.)
Acadian Asset Management	34.5	-0.2	+1.2	+1.5	+1.8	n/a	n/a
Alphinity Investment Management	28.2	-0.5	-0.3	n/a	n/a	n/a	n/a
Pendal Group Limited	27.1	-0.2	-0.3	+2.3	+1.5	+1.4	+2.9
Perennial Better Future Fund	10.2	+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 Q2 2022 as the S&P/ASX 300 Accumulation Index Gross of Franking Credits returned -12.1% for the period.

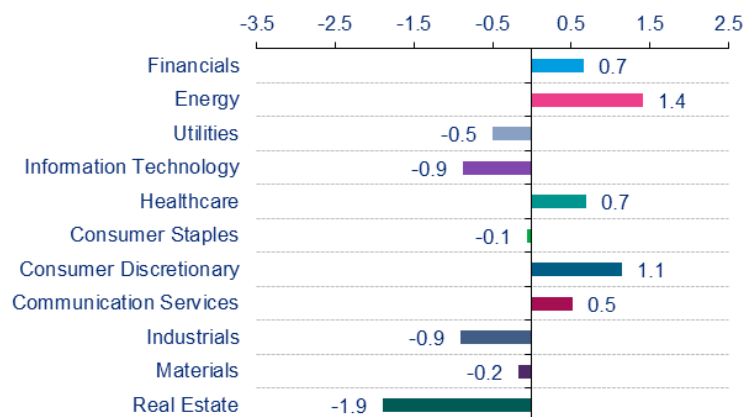
The best performing sectors were Energy and Utilities while the weakest performing sectors were IT and Real Estate. The largest positive contributors to the return of the index were CSL, BHP and Transurban. On the other hand, the most significant detractors from performance were Westpac, ANZ and Macquarie.

### Top 10 holdings

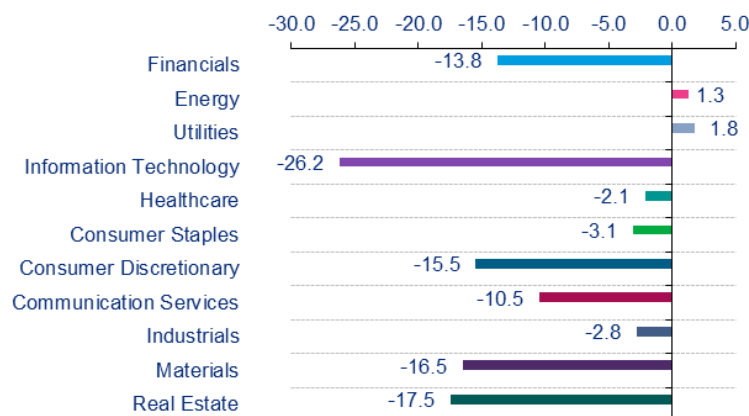
Stock	% of Fund	% of B'mark
BHP Group Ltd	9.6	10.4
CSL	6.8	6.5
Commonwealth Bank	6.6	7.7
National Australia Bank	4.9	4.4
ANZ Banking Group	3.9	3.1
Macquarie Group Ltd	3.4	3.0
Santos Ltd	2.8	1.1
Woodside Energy Group	2.7	3.0
Telstra Corporation	2.6	2.2
Aristocrat Leisure Ltd	2.2	1.1

### Mercer Australian Shares Fund for Tax Exempt Investors

Sector Exposure — Overweight/Underweight positions as at 30 June 2022 (%)



Benchmark sector returns for the three months to 30 June 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	-11.2	-3.2	6.3	9.6	9.7	n/a
Benchmark return	-12.1	-5.5	4.7	8.3	8.5	n/a
Excess return — before fees	+0.9	+2.3	+1.6	+1.3	+1.2	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	-11.4	-4.3	5.3	8.5	8.6	n/a

### Manager performance

During the quarter the fund outperformed its benchmark by 0.9%. Asset allocation was the key driver of performance whilst stock selection detracted. An overweight allocation to energy and underweight allocation to information technology and real estate sectors were key drivers of outperformance while an underweight exposure to industrials detracted. From a stock selection perspective, overweights to QBE drove performance as global interest rates continued to move in its favour, Santos and ResMed also helped performance. An underweight to Woodside and an overweight to Nine Entertainment and Block detracted over the quarter.

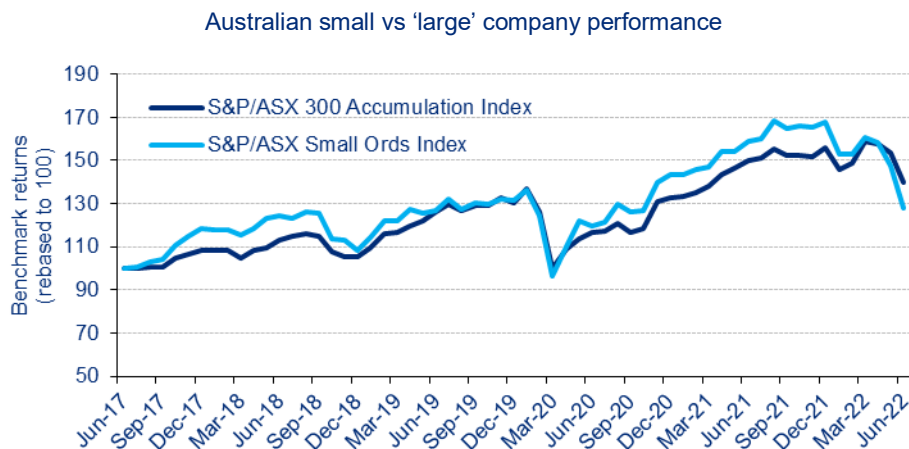
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Managers		3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Macquarie Investment Management	40.3	+0.5	+1.5	+2.2	+2.4	+3.1	n/a
Plato Investment Management	29.8	+1.6	+3.2	+1.5	+1.6	+1.3	n/a
Wavestone	17.1	+1.1	+3.4	+2.1	n/a	n/a	n/a
Firetrail	12.8	-0.4	+0.6	+1.8	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 June quarter with the asset class returning -20.4% 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	-18.0	-15.4	7.1	9.7	9.5	8.6
Benchmark return	-20.4	-19.5	0.4	5.1	6.6	5.4
Excess return — before fees	+2.4	+4.1	+6.7	+4.6	+2.9	+3.2

Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Australian Small Companies Fund	-18.3	-16.7	5.6	8.2	8.1	7.4

#### Manager performance

The Australian small caps struggled during the quarter with the small ords delivering a return of -20.4%. In addition to general market concerns over inflation and interest rates, unjustified valuations in the small cap space including speculative ‘new energy’ resource names are now facing an abrupt re-pricing of reality. There are also many small caps who are facing the normal travails of brutal competition, uncertainty in operating conditions and profit outcomes much worse than investors had expected. The Mercer Australian small cap fund outperformed its benchmark by 2.4% over the quarter. During this period, both sector allocation and stock selection had a positive impact on excess fund returns. The fund's overall underweight to resources helped reduce the difficulties faced by this sector and was a key positive for the fund. The underweight to real estate and overweight to consumer discretionary were key detractors.

Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
First Sentier Investors	39.1	+3.5	+6.9	+9.6	+8.5	n/a	n/a
Longwave Capital Partners	26.3	+4.9	+7.2	n/a	n/a	n/a	n/a
Perennial Value Management	24.4	-0.5	+0.1	+4.4	+4.5	+4.5	+5.3
Firetrail	10.2	-1.3	n/a	n/a	n/a	n/a	n/a

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 Refer to page 38 for Asset class benchmarks.

## Shares

### International shares

The broad MSCI World ex Australia Accumulation Index decreased -8.4% in unhedged terms and decreased -15.1% in hedged terms over the quarter, as the AUD weakened against most major currencies over the period. The strongest performing sectors were Energy (3.6%) and Consumer Staples (2.3%), while Consumer Discretionary (-16.8%) and IT (-14.6%) were the worst performers. Other global shares were negative as the MSCI Small Caps Total Return Index returned -9.4% and the MSCI Emerging Markets Accumulation Index returned -3.3% over the quarter, all in AUD terms.

Over the June quarter, the NASDAQ (-22.4%), the S&P 500 Composite Index (-16.1%) and the Dow Jones Industrial Average decreased (-10.8%), all in USD terms. European markets experienced negative returns, as the FTSE 100 (United Kingdom) (-3.7%), the CAC 40 (France) (-8.9%) and the DAX 30 (Germany) (-11.3%) decreased, all in local currency terms. Equity returns were mixed across Asia as the SSE Composite (China) (4.5%) and Hang Seng (Hong Kong) (0.9%) increased while the S&P BSE 500 (India) (-10.0%) and the TOPIX (Japan) (-3.7%) decreased, all in local currency terms.

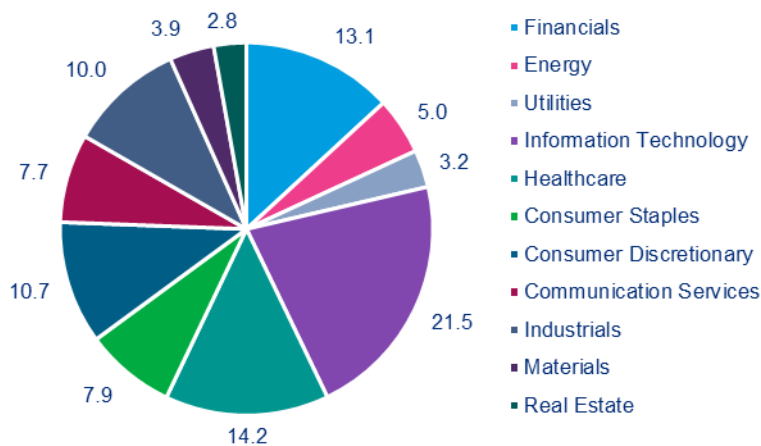
\*\* In this Quarterly Report, 'International shares funds' refers to:

- Mercer International Shares Fund
- Mercer Hedged International Shares Fund

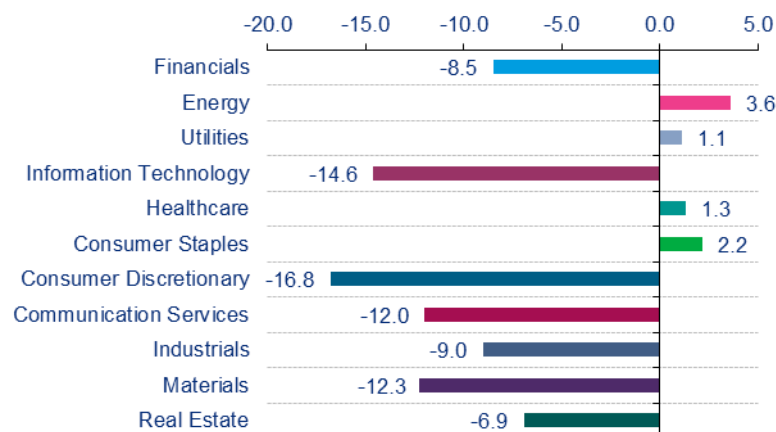
Benchmark weights etc. apply to all international shares funds.

#### Mercer International Shares Funds\*\*

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

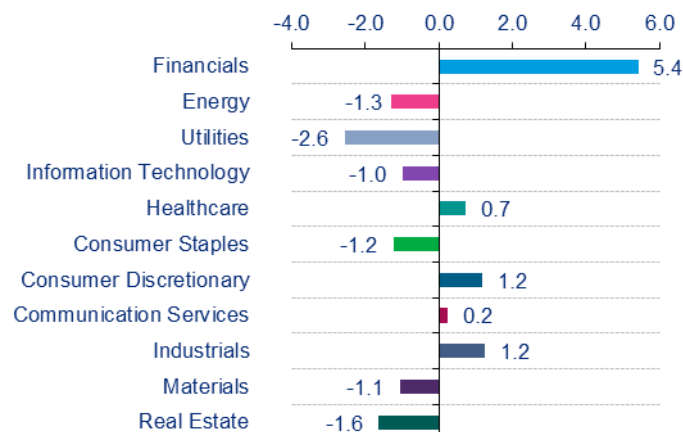


Benchmark sector returns for the three months to 30 June 2022 (%)  
 MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



#### Sector Exposure - Overweight/Underweight positions as at 30 June 2022 (%)

Mercer International Shares Fund  
 Mercer Hedged International Shares Fund



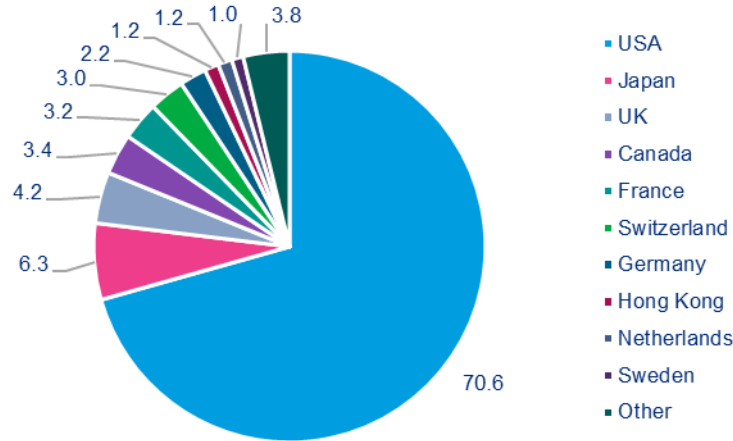
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 Refer to page 38 for Asset class benchmarks.

## Shares

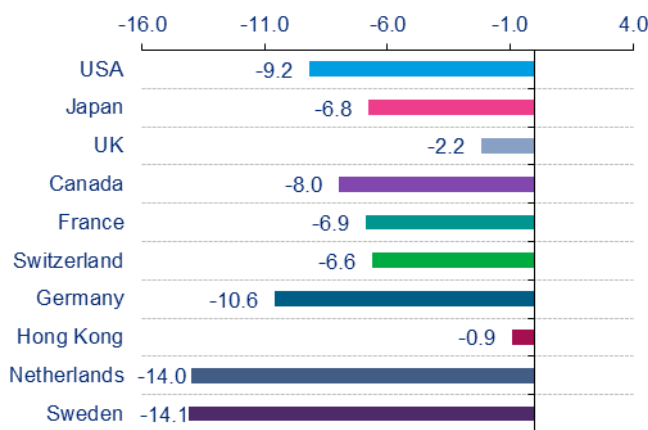
# International shares

### 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 30 June 2022 (%)  
 MSCI World Index (ex Australia) - in A\$ with net dividends reinvested



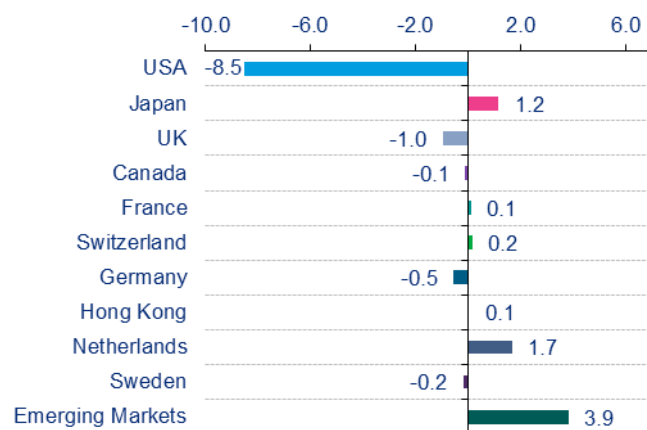
\*\* In this Quarterly Report, ‘International Shares Funds’ refers to:

- 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 30 June 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
Alphabet Inc	2.4	2.7
Apple	2.0	4.6
Meta Platforms Inc	1.5	0.8
Intact Financial Corp	1.3	0.1
Amazon	1.1	2.0
Charles Schwab Corp	1.1	0.2
Procter & Gamble Co	1.0	0.7
AIA Group Ltd	1.0	0.3
Roche	0.9	0.5

### 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	-5.8	-7.3	7.9	10.3	9.8	14.4
Benchmark return — before fees:	-8.4	-6.5	7.8	10.1	9.3	14.1
Excess return — before fee:	+2.6	-0.8	+0.1	+0.2	+0.5	+0.3
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	-12.6	-13.0	6.4	7.5	8.3	11.7
Benchmark return — before fees:	-15.1	-12.5	6.4	7.3	7.8	11.3
Excess return — before fees	+2.5	-0.5	0.0	+0.2	+0.5	+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 International Shares Fund	-6.0	-8.2	6.8	9.2	8.8	13.4
Mercer Hedged International Shares Fund	-12.8	-13.9	5.4	6.5	7.2	10.5

### Manager performance

The fund outperformed the benchmark over the quarter by 2.6%. Stock selection drove returns over the quarter, with asset allocation slightly detracting. Underweight positions in Amazon and Apple along with overweight holdings of AIA Group and Lilly Eli & Co drove returns from stock selection. An underweight allocation to both energy and utilities detracted from performance.

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	35.2	35.3	+2.9	+3.4	+0.4	-0.3	0.0	-0.1
Arrowstreet	21.5	21.5	+8.9	+8.9	+5.2	+6.0	+5.4	n/a
Wellington	16.9	16.8	+6.4	+5.7	-1.9	n/a	n/a	n/a
Maj Invest	12.4	12.3	-1.6	-4.7	n/a	n/a	n/a	n/a
AllianceBernstein	8.7	8.7	-1.0	-9.9	n/a	n/a	n/a	n/a
Baillie Gifford	5.3	5.3	-14.3	-37.9	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	-6.5	7.9	10.2	9.4	n/a
Mercer Passive Hedged International Shares Fund	-15.1	-12.3	6.5	7.4	7.8	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

# International shares – sustainable plus

Mercer Sustainable Plus International Shares Fund – Unhedged Units

Mercer Sustainable Plus International Shares Fund – Hedged Units

### Top 10 holdings

Stock	% of Fund	% of Benchmark
Microsoft Corp	4.3	3.7
Danaher Corp	2.1	0.4
Alphabet Inc	1.7	2.6
Unitedhealth Group Inc	1.7	1.0
AIA Group Ltd	1.5	0.3
Orsted A/S	1.5	0.0
Taiwan Semiconductor Manufact Co Ltd	1.3	0.0
Roche	1.3	0.5
T-Mobile Us Inc	1.3	0.2
Pepsico Inc	1.3	0.5

### Investment performance

Mercer Sustainable Plus International 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	-8.6	-11.5	7.1	9.1	n/a	n/a
Benchmark return — before fees:	-8.5	-6.5	7.7	10.0	n/a	n/a
Excess return — before fee:	-0.1	-5.0	-0.6	-0.9	n/a	n/a
Mercer Sustainable Plus International 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	-15.0	-16.7	6.1	6.9	n/a	n/a
Benchmark return — before fees:	-15.0	-12.3	6.3	7.3	n/a	n/a
Excess return — before fees	0.0	-4.4	-0.2	-0.4	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 Sustainable Plus International Shares Fund – Unhedged	-8.8	-12.4	6.0	8.1	n/a	n/a
Mercer Sustainable Plus International Shares Fund – Hedged	-14.9	-17.3	5.1	6.1	n/a	n/a

### Manager performance

Communication services and energy continued to dominate over the quarter detracting from relative performance. However despite energy's continued run, the portfolio was able to perform in-line with the benchmark. An overweight to healthcare and industrials were the most beneficial for relative performance, however stock selection was the main contributor to performance, namely an underweight to JP Morgan Chase & Co, and overweight's to T-Mobile, Autozone and American Water Works.

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	-0.1	-5.0	-0.9	-1.5	n/a	n/a

### Manager allocation

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

### Mercer Passive Sustainable International Shares Fund

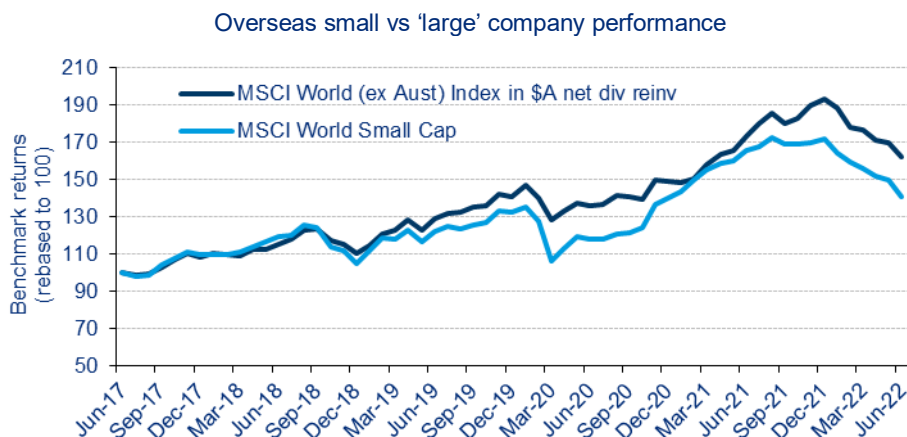
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Passive Sustainable International Shares Fund	-8.6	n/a	n/a	n/a	n/a	n/a

**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

# Global shares – small companies

In unhedged AUD terms, the Global Small Cap sector returned -9.4%, outperforming 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	-7.6	-16.1	5.9	8.1	7.6	14.1
Benchmark return	-9.6	-14.8	4.9	7.1	7.3	13.2
Excess return — before fees	+2.0	-1.3	+1.0	+1.0	+0.3	+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 Global Small Companies Shares Fund	-7.8	-16.9	4.9	7.1	6.5	12.9

#### Manager performance

The fund outperformed versus its benchmark over the quarter by 2.0%. Stock selection was the key driver, with Astralabs, West Fraser Timber and Haseko the key contributors. Meanwhile, Ocado, Sleep Number and Tesla were the key detractors over the 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.)
Arrowstreet	38.8	+9.4	+13.3	+10.6	+9.3	+7.8	+12.2
Lazard Asset Management	25.1	-0.6	-2.3	-1.8	n/a	n/a	n/a
Kempen Capital Management	24.9	+0.9	n/a	n/a	n/a	n/a	n/a
Baillie Gifford	11.2	-11.9	-33.7	-7.8	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	-1.7	4.4	4.0	7.1	7.9	n/a
Benchmark return	-1.4	2.2	3.6	8.1	8.5	n/a
Excess return — before fees	-0.3	+2.2	+0.4	-1.0	-0.6	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	-1.8	4.0	3.7	6.8	7.6	n/a

#### Manager performance

The fund underperformed the benchmark over the quarter by 0.3%. Primary sources of positive active return included a combination of stock selection and an overweight position in Consumer Staples, stock selection in Communication Services, and a combination of stock selection and an underweight position in Consumer Discretionary. Detractors from relative performance included a combination of stock selection and an underweight position in Energy. At the stock level, an overweight position to Alphabet detracted from relative performance over the quarter.

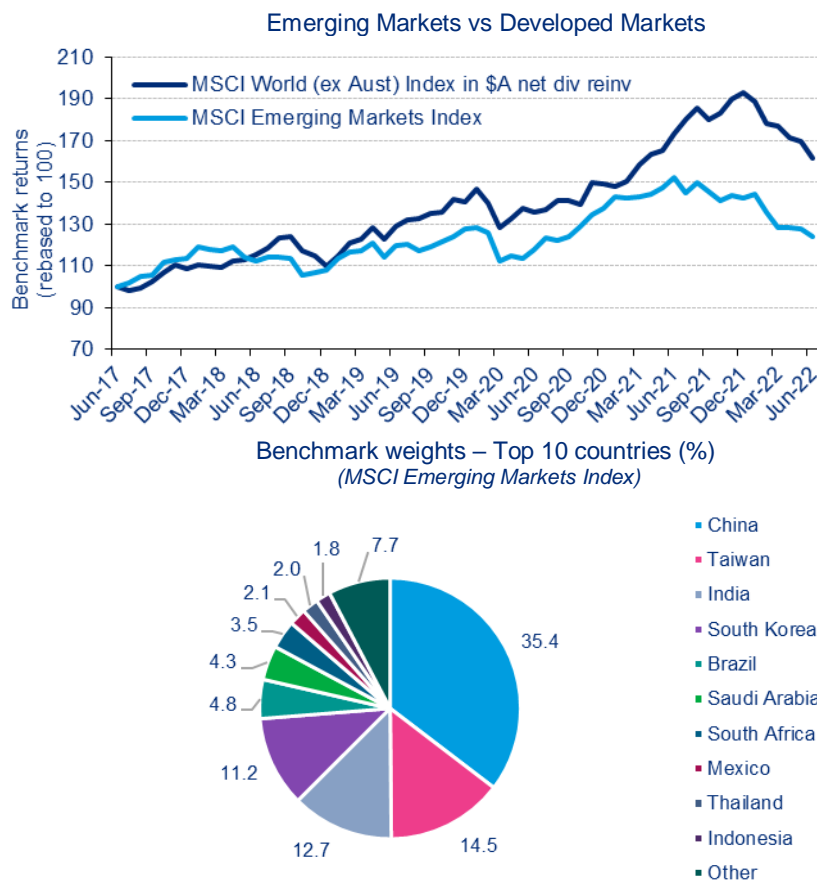
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Acadian	100.0	-0.3	+2.2	+0.4	-1.4	-0.9	n/a

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 -3.3%, outperforming 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	-4.5	-20.8	1.1	4.6	4.8	7.8
Benchmark return	-3.3	-18.4	1.2	4.4	4.4	7.3
Excess return — before fees	-1.2	-2.4	-0.1	+0.2	+0.4	+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	-4.8	-21.6	0.0	3.6	3.8	6.7

##### Manager performance

The fund underperformed the index over the quarter by 1.2%. Stock selection was the main detractor to performance while asset allocation offset some of the negative relative performance. Stock selection within internet and direction marketing retail industry hampered stock selection performance as holdings in MercadoLibre and Coupang fell during the quarter due to concerns around deteriorating macro conditions. Partially offsetting some underperformance in stock selection was strong performance from Moutai, as some recovering in restocking and price increases helped share price improvement. From a sector perspective, an underweight in materials and an overweight position in energy were the main contributors of positive asset allocation performance. However, an underweight in consumer discretionary and communication services offset some of the 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.)
BlackRock Investment Management	34.9	-0.4	-1.5	-0.6	-0.2	+0.8	+1.7
William Blair	27.9	-4.9	-5.4	+0.3	n/a	n/a	n/a
GMO	27.6	+1.0	n/a	n/a	n/a	n/a	n/a
AQR	9.6	+2.5	+3.1	+4.2	+4.0	+3.3	n/a

#### Mercer Passive Emerging Markets Shares Fund

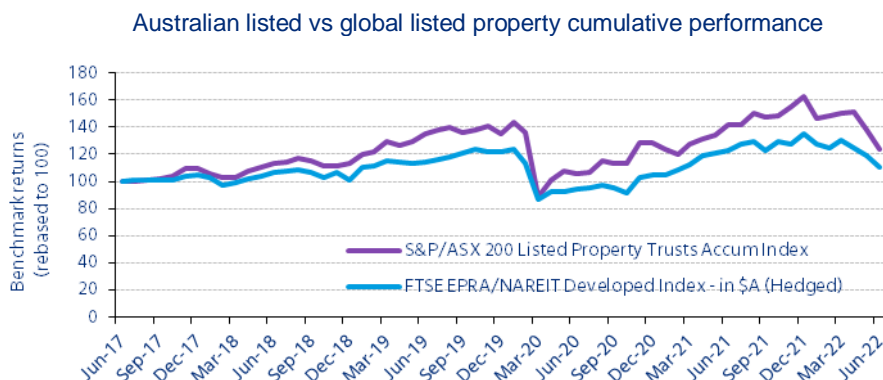
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Passive Emerging Markets Shares Fund	-3.4	-18.7	1.0	4.2	4.2	n/a

**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.

## Real assets

### Global listed property

Domestic listed property experienced poor performance over the quarter and returned -17.5%. Global REIT’s returned -15.4% (in AUD hedged terms) over the June 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	-15.7	-10.5	-0.5	3.4	4.6	7.8
Benchmark return	-15.6	-10.5	-1.4	1.9	3.4	6.4
Excess return — before fees	-0.1	0.0	+0.9	+1.5	+1.2	+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	-15.9	-11.4	-1.5	2.4	3.5	6.8

##### Manager performance

The fund marginally underperformed over the quarter by 0.1%. Stock selection was the key detractor from relative performance as an underweight holding in Duke Realty Corp and overweight to Segro PLC as well as Kilroy Realty Corp significantly detracted performance. On the other hand an overweight to Mitsubishi Estate Co Ltd, American Tower Corp and Invitation Homes Inc 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	60.5	-0.2	-1.1	+0.7	+2.4	+2.0	n/a
Resolution Capital	39.5	-0.2	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	-15.6	-10.9	-1.4	1.7	3.1	n/a

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

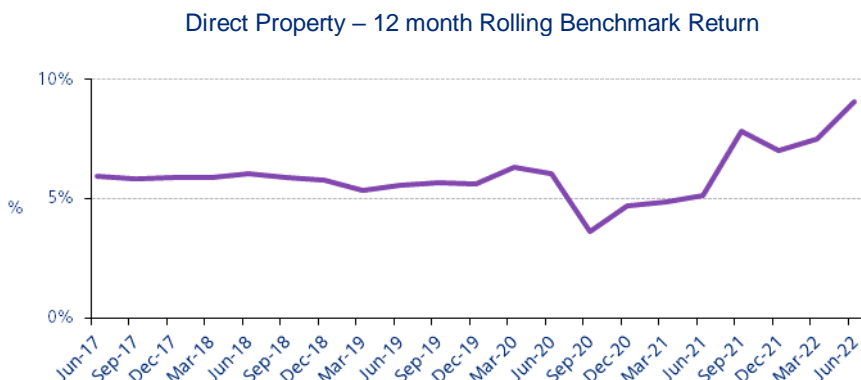
Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Real assets

### Australian direct property

The Australian unlisted property sector (NAV) increased 2.6% 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	2.4	19.0	10.8	11.3	11.8	11.3
Benchmark return	3.1	9.1	6.7	6.4	6.8	7.7
Excess return — before fees	-0.7	+9.9	+4.1	+4.9	+5.0	+3.6

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	2.0	16.6	9.1	9.7	10.2	9.7

##### Manager performance

The fund continues to significantly outperform the Mercer/MSCI Wholesale Property Fund Index (YFYS benchmark) and its CPI+4% benchmark over all annual periods since inception. The fund's relative overweight to Logistics and Non-discretionary retail continues to drive outperformance, albeit we expect this to moderate. Strong occupancy and robust rental streams are expected to be the main driver of returns in the near term and in the face of rising interest rates

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.)
Charter Hall Industrial	26.6	+1.4	+21.8	+14.7	+12.0	+11.1	n/a
Investa Property Group	20.9	-1.0	+2.3	+3.2	+6.6	+7.3	+6.7
Dexus Wholesale Property Fund	14.0	-0.6	+4.3	0.0	+3.1	n/a	n/a
Goodman Funds Management	11.0	-1.4	+28.1	+16.3	+16.4	+16.6	+15.3
Charter Hall Retail	10.8	-1.5	+13.3	+3.1	+3.4	+5.1	n/a
Investa SPV	9.0	-2.8	-5.2	+2.2	+4.6	n/a	n/a
GPT Wholesale Office Fund	4.9	-1.7	+5.5	n/a	n/a	n/a	n/a
AMP Capital Shopping Centre Fund	1.4	-0.4	-0.7	-11.2	n/a	n/a	n/a
Lend lease Investment Management (APPF Retail)	1.3	-1.6	-0.3	-13.1	-8.1	-6.5	-6.8

**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	-17.5	-12.1	-2.4	4.5	5.5	9.0
Benchmark return	-17.7	-12.3	-2.8	4.4	5.4	9.2
Excess return — before fees	+0.2	+0.2	+0.4	+0.1	+0.1	-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.)
Mercer Passive Australian Listed Property Fund	-17.6	-12.5	-2.8	4.1	5.1	8.8

#### Manager performance

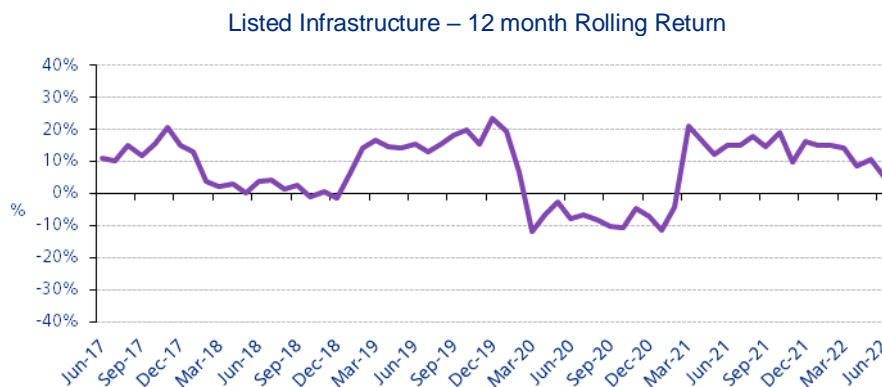
Proportion of assets managed at quarter end		Manager returns relative to fund benchmark (+ or - %) - before fees					
Manager	%	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Macquarie Investment Management	100.0	+0.1	0.0	+0.1	0.0	0.0	-0.4

**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 decreased -5.3% 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.

### Mercer Global Listed Infrastructure Fund

#### Investment performance

Mercer 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	-7.2	3.2	2.6	5.1	7.1	10.5
Benchmark return	-5.5	5.4	3.7	5.9	7.3	10.6
Excess return — before fees	-1.7	-2.2	-1.1	-0.8	-0.2	-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 Global Listed Infrastructure Fund	-7.5	2.0	1.6	4.1	6.1	9.4

#### Manager performance

The fund underperformed its respective benchmark by 1.7% over the quarter. Key sectors that contributed to performance included the overweight exposure to Real Estate, and an underweight exposure to Energy. The key detractors included an underweight position in Utilities and an overweight position in Industrials. Stock Selection detracted from relative performance and the key detractors were Atlantia Spa, CSX Corp and Aena SME S.A. Overweights to China Gas Holdings Ltd, Entergy Corp and XCEL Energy inc helped offset the underperformance.

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	64.4	-0.1	-1.0	+0.3	+0.1	+1.4	+2.3
Atlas Infrastructure Mandate	35.6	n/a	n/a	n/a	n/a	n/a	n/a

### Mercer Passive Global Listed Infrastructure Fund

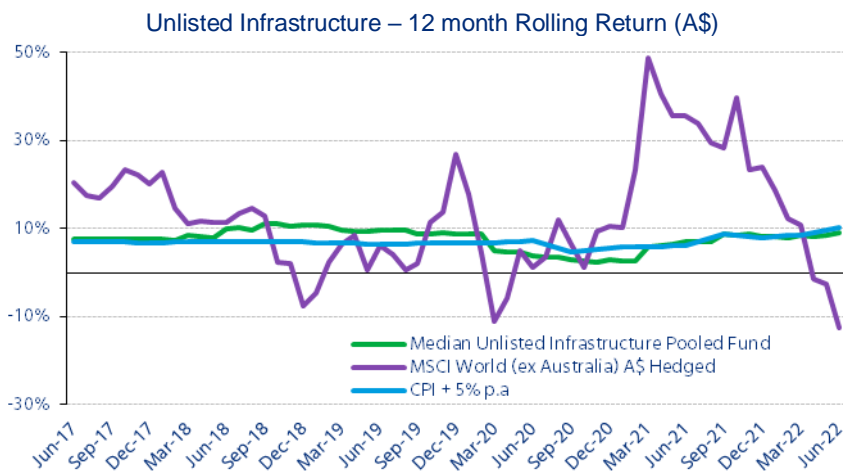
Total returns (%) – after fees	3 months	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Mercer Passive Global Listed Infrastructure Fund	-5.0	7.1	3.2	5.5	7.1	n/a

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 unlisted infrastructure sector fell over the quarter as central bank tightening measures, elevated inflation levels and concerns for lower economic growth rates continued to weight on financial markets.



#### 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	4.7	14.1	15.0	14.2	16.0	14.1
Benchmark return	3.3	10.1	7.8	6.8	6.4	6.6
Excess return — before fees	+1.4	+4.0	+7.2	+7.4	+9.6	+7.5

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 Global Unlisted Infrastructure Fund	3.5	12.2	12.0	11.3	12.6	11.1

##### Manager performance

The fund's return for the quarter was above the benchmark return, which is expressed in gross terms. Important contributors included Macquarie Asia Infrastructure Fund, First Sentier-managed Finerge co-investment and Stonepeak Infrastructure. Distributions were received from KKR-managed co-investment John Laing, Macquarie Asia Infrastructure Fund and Stonepeak Infrastructure. Initial calls were paid to KKR Diversified Infrastructure Fund and Vauban Core Infrastructure Fund, and to fund a new co-investment in a private jet terminal operator (United States), managed by KSL Capital Partners.

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.)
KKR Global	26.6	+6.3	+14.7	+23.7	+20.9	+15.1	n/a
First Sentier Investors	11.7	-3.8	+2.2	+3.6	+5.0	+6.7	+6.5
IFM Investors	10.3	-1.7	+0.6	-0.8	+2.6	+6.5	n/a
JP Morgan Infrastructure Investments Fund	6.7	+9.1	+4.9	n/a	n/a	n/a	n/a
Macquarie Asia Infrastructure Fund	6.4	+1.4	+3.2	+3.0	+2.7	n/a	n/a
KKR Diversified	6.0	-0.9	n/a	n/a	n/a	n/a	n/a
Macquarie Specialised Asset Management	3.6	-2.5	n/a	n/a	n/a	n/a	n/a
Axiom Infrastructure	3.0	+5.0	+7.6	+2.9	n/a	n/a	n/a
DigitalBridge	2.9	-4.3	n/a	n/a	n/a	n/a	n/a
First Sentier Investors	2.8	+23.1	+22.4	+12.6	+10.7	n/a	n/a
Energy Capital Partners	2.0	-2.3	+0.1	n/a	n/a	n/a	n/a
KSL Capital Partners	1.4	n/a	n/a	n/a	n/a	n/a	n/a
I-Squared Capital	1.4	-3.6	-5.8	-12.0	n/a	n/a	n/a
Ardian Infrastructure	1.3	-4.3	n/a	n/a	n/a	n/a	n/a
Vauban Infrastructure Partners	1.3	n/a	n/a	n/a	n/a	n/a	n/a
Stonepeak Infrastructure Partners	1.1	+11.6	+30.1	+21.0	+13.4	n/a	n/a

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

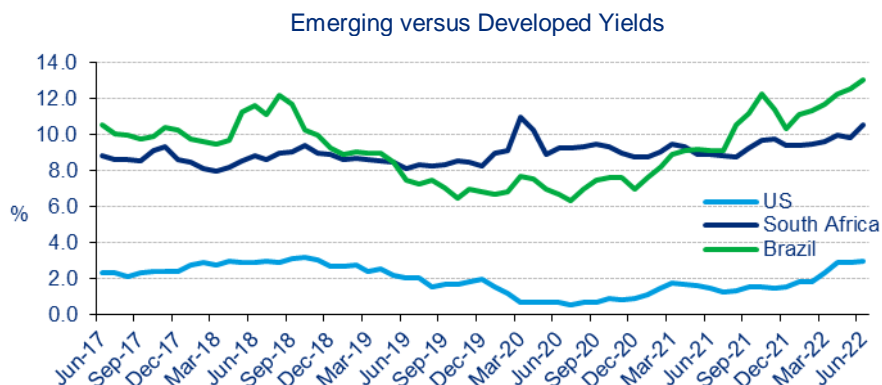
Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Growth fixed interest

# Emerging markets debt

Emerging Market Debt returns were negative over the June quarter, returning -0.2% 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	0.4	-9.7	-3.7	0.1	1.6	2.7
Benchmark return	-0.2	-11.9	-5.2	-0.1	1.1	2.5
Excess return — before fees	+0.6	+2.2	+1.5	+0.2	+0.5	+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.)
Mercer Emerging Markets Debt Fund	0.0	-11.1	-5.0	-1.1	0.5	1.7

#### Manager performance

The local currency Emerging Market Debt fund returned 0.4% over the June quarter, outperforming the benchmark index by 0.6%. Colchester and Wellington produced positive excess returns over the quarter, while BlackRock slightly underperformed the benchmark. Over the past year, the Fund returned -9.7%, outperforming the benchmark index by 2.2%, with all three managers contributing positively. Towards the end of the quarter, Wellington was transitioned out of the fund and replaced with Neuberger Berman (NB). NB have a more balanced approach to emerging market rates and FX rates which should bring more alpha diversity to the Fund.

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	50.6	+1.1	+2.4	+1.5	+1.4	n/a	n/a
BlackRock	47.7	-0.1	+0.4	+0.6	-0.9	n/a	n/a
Wellington Management	1.8	+1.0	+4.0	+1.8	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

# 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	-10.4	-13.0	-0.5	1.6	3.1	n/a
Benchmark return	-10.1	-13.1	-1.3	1.2	3.2	n/a
Excess return — before fees	-0.3	+0.1	+0.8	+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	-10.5	-13.4	-1.2	1.0	2.5	n/a

### Manager performance

The fund returned -10.4% in the June quarter, underperforming its benchmark by 0.3%. 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 rated securities and Emerging Market securities), however, we have allowed our managers an approximate 15% "flex" into CCC rated securities 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	-0.3	0.0	+0.7	+0.4	-0.1	n/a

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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	4.8	5.8	6.7	6.6	n/a
Benchmark return	0.8	3.1	3.3	4.0	4.4	n/a
Excess return — before fees	0.0	+1.7	+2.5	+2.7	+2.2	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	0.2	2.7	4.1	5.3	5.4	n/a

### Manager performance

The fund has returned 0.8%, underperforming its Cash + 3% benchmark by 0.1% over the quarter to June 2022, with positive contributions from most managers in the portfolio. The underperformance was primarily driven by Park Square, which returned -1.7%. 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 June 2022, exceeding the benchmark by 2.4%.

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	27.6	+1.3	+6.4	+7.6	+8.1	n/a	n/a
Audax Credit BDC Inc.	18.9	0.0	+3.1	+4.2	+4.3	+4.0	n/a
HPS Australian Loan Platform	14.9	+0.9	+3.6	n/a	n/a	n/a	n/a
Metrics Credit Partners Secured Private Debt Fund II	9.8	+0.9	+5.5	n/a	n/a	n/a	n/a
Park Square Capital	9.2	-1.8	n/a	n/a	n/a	n/a	n/a
ICG Australia Senior Loan Fund	8.6	+1.0	+5.7	n/a	n/a	n/a	n/a
ICG Senior Debt Partners Fund 2	4.7	+2.0	+12.9	+8.7	+9.7	+9.7	n/a
Westbourne Mercer Yield Fund	3.1	-2.2	+2.5	+5.0	+5.1	+5.6	+5.8
Ares European Credit Investments (IV) A	1.4	+3.4	+4.7	n/a	n/a	n/a	n/a
RDF Lazul	1.0	+11.2	n/a	n/a	n/a	n/a	n/a
RDF Lazul Debt Fund Co-Investment	0.8	0.0	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 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	-2.7	-4.8	0.4	1.3	1.8	n/a
Benchmark return	0.3	1.1	1.3	2.0	2.3	n/a
Excess return — before fees	-3.0	-5.9	-0.9	-0.7	-0.5	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 Bond Fund	-2.8	-5.2	-0.1	0.8	1.2	n/a

### Manager performance

The fund returned -2.7% over the June quarter, underperforming its Cash + 1% benchmark by 3.0%. Over the past 1 and 3 years, the fund has underperformed the benchmark by 5.9% and 1.2% p.a. respectively. Payden & Rygel, PIMCO and Newton delivered negative absolute returns in the quarter, as the trend of widening credit spreads and rising yields accelerated. Ardea continued to play its defensive role in the portfolio, outperforming the benchmark during another 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	31.5	+1.2	+1.6	n/a	n/a	n/a	n/a
Newton Investment Management	28.9	-6.2	-9.2	-2.1	n/a	n/a	n/a
PIMCO	20.0	-3.9	n/a	n/a	n/a	n/a	n/a
Payden & Rygel	19.6	-3.0	-5.4	-1.1	n/a	n/a	n/a

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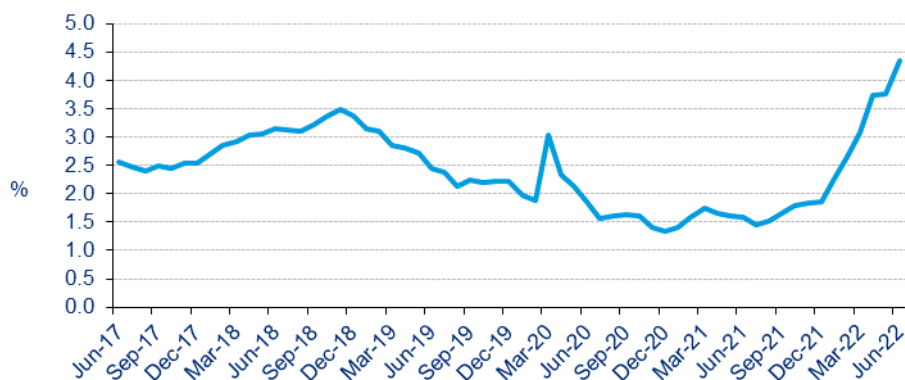
Refer to page 38 for Asset class benchmarks.

## Defensive fixed interest

## Global credit

Global Credit returns were negative, returning -7.5% on a hedged basis over the June 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	-6.7	-12.6	-1.5	0.9	2.3	3.9
Benchmark return	-6.7	-12.7	-1.9	0.6	2.1	3.4
Excess return — before fees	0.0	+0.1	+0.4	+0.3	+0.2	+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:	-6.9	-13.1	-2.0	0.4	1.8	3.4

#### Manager performance

The fund delivered a -6.7% return over the June quarter, performing in line with the benchmark. Over 1 and 3 years, the fund outperformed the benchmark by 0.1% and 0.4% p.a respectively. Over the quarter, Wellington delivered positive alpha while AXA and Robeco underperformed their respective benchmarks. Similarly over the year, Wellington outperformed, while AXA and Robeco underperformed. 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	41.8	+0.4	+0.4	+0.6	+0.5	+0.6	+0.9
Robeco	32.1	-0.8	-0.1	+0.8	n/a	n/a	n/a
AXA Investment Managers	26.2	-0.2	-0.3	-0.5	-0.3	-0.4	n/a

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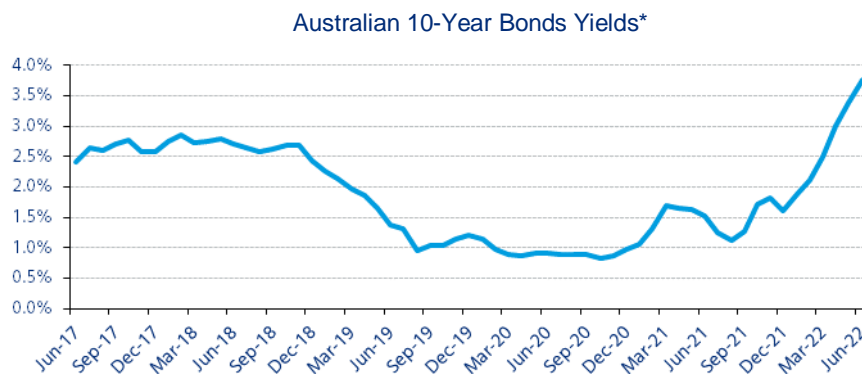
Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Defensive fixed interest

# Australian sovereign bonds

Domestically, the Australian 10-year bond yield (82bps to 3.66%), five-year bond yield (76bps to 3.36%) and two-year bond yield (119bps to 2.99%) all increased. The Bloomberg Ausbond indices returned broadly negative results over the quarter, with the Bloomberg Ausbond Bank producing the highest quarterly return, returning 0.1%, and the weakest being the Bloomberg Ausbond Inflation, returning -5.9%.



\* Source: Reserve Bank of Australia (RBA)

### 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	-3.8	-10.7	-2.8	1.1	1.9	2.6
Benchmark return	-3.8	-10.8	-3.0	0.8	1.6	2.2
Excess return — before fees	0.0	+0.1	+0.2	+0.3	+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	-3.8	-11.0	-3.1	0.7	1.5	2.2

#### Manager performance

The fund returned -3.8% over the quarter, performing in-line with the benchmark. Over 1 and 3 years, the Fund has outperformed the benchmark by 0.1% and 0.2% p.a. respectively. Schroders was appointed to the Fund in June 2022, replacing Pental which was terminated in late 2021. In addition, the active portion of the Fund was increased from 50% to 60% to facilitate alpha generation. The June quarter saw continued rises in Australian Government Bond yields (i.e. falling bond prices) as markets priced in further RBA rate hikes.

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	32.1	0.0	-0.3	n/a	n/a	n/a	n/a
Schroders	30.3	n/a	n/a	n/a	n/a	n/a	n/a
Challenger	23.8	+0.2	+0.7	+0.7	+0.7	+0.7	+1.0

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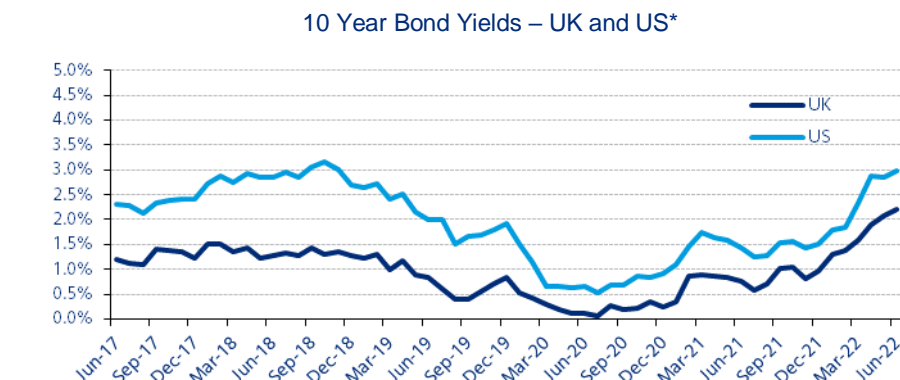
Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Defensive fixed interest

# Global sovereign bonds

Global sovereign bonds produced broadly negative returns over the June quarter as ten-year bond yields increased in the US (65bps to 2.97%), Germany (86bps to 1.37%), UK (62bps to 2.21%) and Japan (2bps to 0.23%). Two-year bond yields increased in the US (68bps to 2.94%), Germany (72bps to 0.54%) and the UK (52bps to 1.88), whilst decreasing in Japan (-2bps to -0.06%). In terms of Global Bond indices, the Barclays Capital Global Aggregate Bond Index returned -4.7% and the FTSE World Government Bond (ex-Australia) Index decreased by 4.9% over the June quarter, both on a fully hedged basis.



\* 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	-3.8	-7.2	-0.5	2.0	3.1	4.2
Benchmark return	-4.6	-8.9	-1.6	0.9	2.0	3.1
Excess return — before fees	+0.8	+1.7	+1.1	+1.1	+1.1	+1.1

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 Global Sovereign Bond Fund – Class 1	-3.9	-7.6	-0.9	1.6	2.7	3.8

#### Manager performance

The fund returned -3.8% over the quarter, outperforming the benchmark by 0.8%. Over 1 and 3 years, the Fund has outperformed the benchmark by 1.7% and 1.1% p.a. respectively. Over the quarter, T. Rowe Price returned -2.6%, outperforming the benchmark by 2.0%. Colchester returned -3.8%, outperforming its benchmark by 0.8%. Global Government bond yields continued to rise in the quarter as central banks actioned rate hikes and markets price in further rises.

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	43.8	+0.1	+0.2	+0.1	n/a	n/a	n/a
Colchester Global Investors	29.6	+0.8	+0.4	+0.7	+0.4	n/a	n/a
T Rowe Price	26.6	+1.9	n/a	n/a	n/a	n/a	n/a

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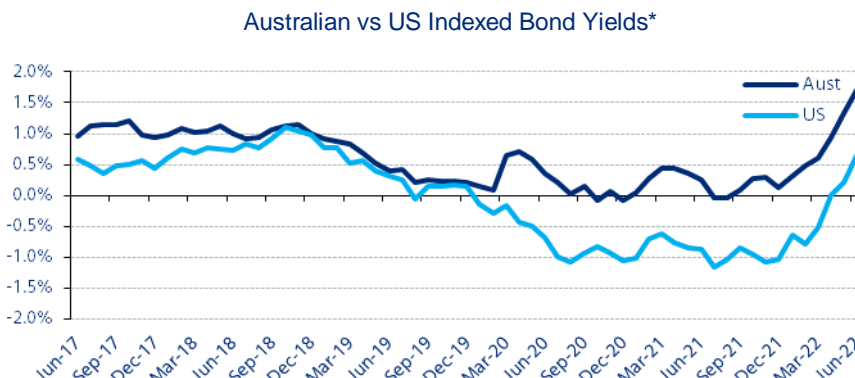
Refer to page 37 – ‘Important notes about this report’ - for further information on the calculation of returns.

Refer to page 38 for Asset class benchmarks.

## Defensive fixed interest

# Australian inflation plus

The fund achieved positive returns over the June quarter. Index returns representing Australian CPI +1% (lagged) delivered 2.4% over the June quarter.



\* Sources: Reserve Bank of Australia (RBA) 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	3.0	4.6	4.5	4.3	3.7	3.4
Benchmark return	2.4	6.1	3.7	3.4	3.1	2.9
Excess return — before fees	+0.6	-1.5	+0.8	+0.9	+0.6	+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 Australian Inflation Plus	2.9	4.1	3.9	3.7	3.2	2.9

#### Manager performance

The fund returned 3.0% in the June quarter, outperforming its CPI + 1% benchmark by 0.6%. Over 1 year, the Fund returned 4.6%, underperforming its benchmark by 1.5%. Over 3 years, the Fund has return 4.5% p.a. and has outperformed its benchmark by 0.7% p.a. Over the past year, the Fund’s rolling 1 year return has fallen below its benchmark of CPI + 1%. However, we note that this is largely due to the significant rise in inflation over this period, with CPI now at its highest since 2001. The Fund has proven its strong defensive qualities, significantly outperforming Australian Government Bonds and Australian Inflation-Linked Bonds since March 2022, over a period where bond markets have severely underperformed.

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	+0.7	-1.5	+1.2	+1.8	+1.7	n/a

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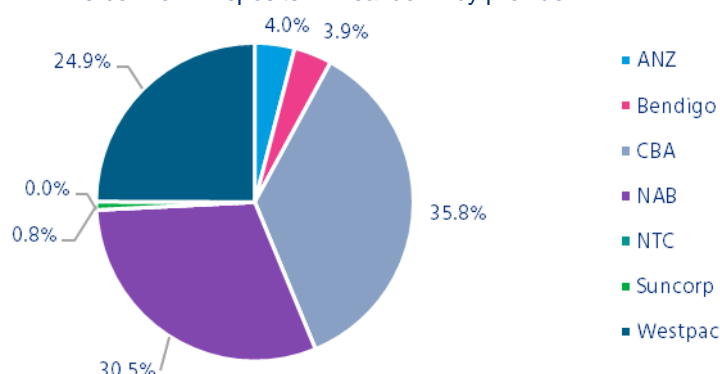
Refer to page 38 for Asset class benchmarks.

## Cash

### Cash and term deposits

The RBA has maintained the cash rate to 1.35% until the end of quarter. Australian Dollar (AUD) depreciated against major developed market currencies over the June quarter, finishing at US\$0.69. The AUD depreciated against the USD (-8.4%), the Pound Sterling (-0.7%) and the Euro (-2.5%), while appreciating against the Japanese Yen (2.5%). On a trade-weighted basis, the local currency depreciated by 2.8% over the quarter.

Mercer Term Deposits – Breakdown by provider



Term Deposit – Maturity buckets at 30 June 2022 (%)

0 to 90 days	33.2%
91 to 180 days	35.3%
181 to 270 days	28.7%
271 to 365 days	2.8%

Mercer Cash – Term Deposit Units

Average maturity (months)	4.4
Average yield	1.0

### 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	0.1	0.2	0.6	1.2	1.5	2.0
Benchmark return	0.1	0.1	0.3	0.9	1.3	1.7
Excess return — before fees	0.0	+0.1	+0.3	+0.3	+0.2	+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	0.2	0.4	0.7	1.4	1.7	2.2
Benchmark return	0.1	0.1	0.3	0.9	1.3	1.7
Excess return — before fees	+0.1	+0.3	+0.4	+0.5	+0.4	+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	0.1	-0.1	0.3	0.9	1.2	1.7
Mercer Cash Fund – Term Deposit Units	0.1	0.0	0.4	1.0	1.4	1.9

#### Manager performance

The fund returned 0.10% over the June quarter, performing in line with the benchmark. Over 1 and 3 years, the fund has outperformed the benchmark by 0.1% and 0.3% 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	80.8	0.0	+0.1	+0.1	+0.2	+0.2	n/a
Challenger	19.2	+0.1	+0.3	+0.4	+0.4	+0.5	+0.6

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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.

## 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 6.3% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	10 yrs <sup>^</sup> (p.a.)
Total returns	-9.9	-8.1	5.5	11.2
Benchmark return*	-10.4	-8.3	5.1	11.0
Excess returns	+0.5	+0.2	+0.4	+0.2

\* 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	-10.2	-9.1	4.5	10.0

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

Asset allocation (%)		B'mark	Total
Shares	Australian Shares - Large Cap	40.0	38.6
	Australian Shares - Small Cap	5.0	4.8
	International Shares - Large Cap	31.0	32.3
	International Shares - Low Vol	10.0	11.1
	Global Shares - Small Cap	7.0	6.4
	Emerging Markets Shares	7.0	6.6
Cash	Cash	0.0	0.2
		100.0	100.0
	<i>FX Exposure</i>	42.0	42.4

Performance attribution this quarter (%)	
Asset allocation	-0.1
Stock/manager selection	0.5
<b>Excess return for quarter – before fees</b>	<b>0.4</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 6.3% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	7 yrs <sup>^</sup> (p.a.)
Total returns	-8.1	-6.3	5.4	7.5
Benchmark return*	-7.4	-5.2	4.9	7.1
Excess returns	-0.7	-1.1	+0.5	+0.4

\* 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	-8.3	-7.3	4.3	6.3

<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	32.9	0.0	32.9
	Australian Shares - Small Cap	3.0	3.0	0.0	3.0
	International Shares - Lge Cap	23.0	21.3	0.0	21.3
	International Shares - Low Vol	6.0	4.4	0.0	4.4
	Global Shares - Small Cap	6.0	5.6	0.0	5.6
	Emerging Markets Shares	6.0	4.6	0.0	4.6
Real Assets	Global Listed Property**	0.0	0.2	0.0	0.2
	Australian Direct Property	7.0	3.7	3.7	7.4
	Global Listed Infrastructure**	0.0	1.0	0.0	1.0
	Global Unlisted Infrastructure	8.0	3.7	1.5	5.2
Alternatives	Natural Resources	1.0	1.7	0.0	1.7
	Private Equity	0.0	0.0	0.0	0.0
	Sustainable Opportunities	0.0	0.0	0.0	0.0
Growth Fixed Interest	Diversified Growth Funds	1.0	0.7	0.6	1.3
	Hedge Funds	0.0	0.0	0.0	0.0
	Private Debt	3.0	0.9	0.8	1.7
	High Yield Debt	0.0	0.7	0.7	1.4
Defensive Fixed Interest & Cash	Emerging Markets Debt	3.0	1.2	1.2	2.4
	Global Absolute Return Bonds	0.0	0.0	0.0	0.0
	Global Short Term Bond Fund	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	0.3	0.3
	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	5.6	5.6	
		100.0	85.6	14.4	100.0
	<i>FX Exposure</i>	34.0			33.0

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

Performance attribution this quarter (%)	
Asset allocation	-1.2
Stock/manager selection	0.5
<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 6.1% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs^ (p.a.)
Total returns	-7.2	-5.0	5.3	7.0
Benchmark return*	-6.1	-4.4	4.4	6.2
Excess returns	-1.1	-0.6	+0.9	+0.8

\*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	5 yrs^ (p.a.)
Total returns	-7.4	-6.0	4.3	6.1

^ 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	27.2	0.0	27.2
	Australian Shares - Small Cap	2.0	2.0	0.0	2.0
	International Shares - Lge Cap	20.5	18.5	0.0	18.5
	International Shares - Low Vol	6.0	4.5	0.0	4.5
	Global Shares - Small Cap	2.0	1.9	0.0	1.9
	Emerging Markets Shares	4.0	3.1	0.0	3.1
Real Assets	Global Listed Property**	0.0	0.2	0.0	0.2
	Australian Direct Property	7.0	3.8	3.8	7.6
	Global Listed Infrastructure**	0.0	1.0	0.0	1.0
	Global Unlisted Infrastructure	8.0	3.7	1.6	5.3
	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	0.7	0.6	1.3
	Hedge Funds	0.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	5.0	1.4	1.4	2.8
	High Yield Debt	2.0	1.9	1.9	3.8
	Emerging Markets Debt	4.0	1.7	1.6	3.3
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	2.0	0.0	2.1	2.1
	Global Short Term Bond Fund	0.0	0.0	0.0	0.0
	Global Credit	0.0	0.0	1.2	1.2
	Australian Sovereign Bonds	4.0	0.0	3.4	3.4
	Global Sovereign Bonds	4.0	0.0	3.1	3.1
	Australian Inflation Plus	0.0	0.0	0.1	0.1
	Cash	3.0	0.0	5.9	5.9
<b>FX Exposure</b>	<b>100.0</b>	<b>73.3</b>	<b>26.7</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	-1.3
Stock/manager selection	0.2
<b>Excess return for quarter – before fees</b>	<b>-1.1</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 5.2% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs (p.a.)	4 yrs^ (p.a.)
Total returns	-5.0	-3.9	3.4	4.5
Benchmark return*	-4.0	-3.3	3.0	4.2
Excess returns	-1.0	-0.6	+0.4	+0.3

\*Composite benchmark of relevant indices

Total returns - after fees (%)	3 months	1 year	3 yrs (p.a.)	4 yrs^ (p.a.)
Total returns	-5.2	-4.7	2.5	3.7

^ 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	20.4	0.0	20.4
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	12.0	10.1	0.0	10.1
	International Shares - Low Vol	6.0	4.4	0.0	4.4
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	4.0	2.9	0.0	2.9
Real Assets	Global Listed Property**	0.0	0.1	0.0	0.1
	Australian Direct Property	5.5	3.0	3.0	6.0
	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	1.8	0.0	1.8
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	0.7	0.6	1.3
	Hedge Funds	0.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	5.4	1.5	1.6	3.1
	High Yield Debt	2.0	1.8	1.8	3.6
	Emerging Markets Debt	4.1	1.7	1.7	3.4
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	3.0	0.0	3.2	3.2
	Global Short Term Bond Fund	0.0	0.0	0.0	0.0
	Global Credit	2.5	0.0	4.4	4.4
	Australian Sovereign Bonds	7.0	0.0	6.4	6.4
	Global Sovereign Bonds	6.0	0.0	5.1	5.1
	Australian Inflation Plus	5.0	0.0	5.6	5.6
	Cash	11.5	0.0	13.8	13.8
<b>FX Exposure</b>	<b>100.0</b>	<b>51.7</b>	<b>48.3</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	-1.1
Stock/manager selection	0.1
<b>Excess return for quarter – before fees</b>	<b>-1.0</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 4.6% per annum.

Total & excess returns - before fees (%)	3 months	1 year	3 yrs <sup>^</sup> (p.a.)	5 yrs (p.a.)
Total returns	-3.9	-3.3	2.6	4.1
Benchmark return*	-3.0	-2.6	2.1	3.7
Excess returns	-0.9	-0.7	+0.5	+0.4

\*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	-4.1	-4.1	1.8	3.4

<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	12.2	0.0	12.2
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	6.1	3.8	0.0	3.8
	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	2.0	0.0	2.0
	Australian Direct Property	4.0	2.3	2.3	4.6
	Global Listed Infrastructure**	0.0	0.6	0.0	0.6
	Global Unlisted Infrastructure	5.0	2.3	1.0	3.3
	Natural Resources	1.0	1.8	0.0	1.8
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	0.7	0.6	1.3
	Hedge Funds	0.0	0.0	0.0	0.0
Growth Fixed Interest	Private Debt	4.5	1.3	1.3	2.6
	High Yield Debt	2.0	1.6	1.7	3.3
	Emerging Markets Debt	2.0	0.8	0.8	1.6
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	4.0	0.0	4.0	4.0
	Global Short Term Bond Fund	0.0	0.0	0.0	0.0
	Global Credit	3.0	0.0	5.2	5.2
	Australian Sovereign Bonds	11.0	0.0	9.7	9.7
	Global Sovereign Bonds	10.0	0.0	8.8	8.8
	Australian Inflation Plus	7.0	0.0	7.5	7.5
	Cash	21.5	0.0	23.3	23.3
			100.0	33.8	66.2
<i>FX Exposure</i>		12.0		12.2	

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

Performance attribution this quarter (%)	
Asset allocation	-0.9
Stock/manager selection	0.0
<b>Excess return for quarter – before fees</b>	<b>-0.9</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	-9.1	-7.6	3.4	n/a
Benchmark return*	-8.6	-7.7	3.7	n/a
Excess returns	-0.5	+0.1	-0.3	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	-9.1	-7.9	3.2	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	29.6	0.0	29.6
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	28.0	28.7	0.0	28.7
	International Shares - Low Vol	2.0	2.2	0.0	2.2
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	7.0	6.4	0.0	6.4
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
	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	3.1	3.2	6.3
	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 Short Term Bond Fund	0.0	0.0	0.0	0.0
	Global Credit	0.0	0.0	0.3	0.3
	Australian Sovereign Bonds	7.0	0.0	6.1	6.1
	Global Sovereign Bonds	7.0	0.0	7.2	7.2
	Australian Inflation Plus	3.0	0.0	3.5	3.5
	Cash	4.5	0.0	4.5	4.5
			100.0	75.2	24.8
<i>FX Exposure</i>		30.0		29.9	

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

Performance attribution this quarter (%)	
Asset allocation	-0.5
Stock/manager selection	0.1
<b>Excess return for quarter – before fees</b>	<b>-0.4</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	-7.0	-6.9	2.9	n/a
Benchmark return*	-6.8	-6.7	2.7	n/a
Excess returns	-0.2	-0.2	+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	-7.1	-7.2	2.6	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	21.4	0.0	21.4
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	19.5	19.0	0.0	19.0
	International Shares - Low Vol	2.0	2.3	0.0	2.3
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	5.0	4.7	0.0	4.7
Real Assets	Global Listed Property**	3.5	3.7	0.0	3.7
	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	3.2	3.2	6.4
	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 Short Term Bond Fund	0.0	0.0	0.0	0.0
	Global Credit	2.5	0.0	3.2	3.2
	Australian Sovereign Bonds	10.0	0.0	9.6	9.6
	Global Sovereign Bonds	9.5	0.0	10.5	10.5
	Australian Inflation Plus	6.5	0.0	7.1	7.1
	Cash	13.0	0.0	12.1	12.1
		100.0	54.3	45.7	100.0

FX Exposure

22.5

21.7

\*\* 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	0.1
<b>Excess return for quarter – before fees</b>	<b>-0.2</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	-5.4	-6.4	1.6	1.6
Benchmark return*	-4.9	-5.6	1.7	1.7
Excess returns	-0.5	-0.8	-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	-5.4	-6.7	1.4	1.4

^ 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	13.6	0.0	13.6
	Australian Shares - Small Cap	0.0	0.0	0.0	0.0
	International Shares - Lge Cap	11.0	10.9	0.0	10.9
	International Shares - Low Vol	2.0	2.2	0.0	2.2
	Global Shares - Small Cap	0.0	0.0	0.0	0.0
	Emerging Markets Shares	3.0	2.8	0.0	2.8
Real Assets	Global Listed Property**	2.0	2.1	0.0	2.1
	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	3.1	3.2	6.3
	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 Short Term Bond Fund	0.0	0.0	0.0	0.0
	Global Credit	5.0	0.0	6.7	6.7
	Australian Sovereign Bonds	13.0	0.0	12.9	12.9
	Global Sovereign Bonds	12.0	0.0	12.6	12.6
	Australian Inflation Plus	10.0	0.0	10.2	10.2
	Cash	21.5	0.0	19.7	19.7
		100.0	34.7	65.3	100.0

FX Exposure

15.0

14.7

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

Performance attribution this quarter (%)	
Asset allocation	-0.6
Stock/manager selection	0.2
<b>Excess return for quarter – before fees</b>	<b>-0.4</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	-8.4	-6.5	5.2	7.3
Benchmark return*	-7.3	-5.4	4.8	6.9
Excess returns	-1.1	-1.1	+0.4	+0.4

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs^ (p.a.)	7 yrs (p.a.)
Total returns	-8.5	-7.1	4.3	6.3

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	34.4
	Australian Shares - Small Cap	3.0	3.1
	International Shares - Large Cap	23.0	21.2
	International Shares - Low Vol	6.0	4.5
	Global Shares - Small Cap	5.0	4.6
	Emerging Markets Shares	8.0	6.3
Real Assets	Global Listed Property**	0.0	0.2
	Australian Direct Property	7.0	7.3
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	8.0	5.1
	Natural Resources	1.0	1.7
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	0.6
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.2
	High Yield Debt	0.0	1.3
	Emerging Markets Debt	2.9	2.4
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Short Term Bond Fund	0.0	0.0
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	5.1
	100.0	100.0	
FX Exposure	37.0	35.5	

\*\* 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	-8.3	-6.3	5.3	7.4
Benchmark return*	-7.3	-5.4	4.8	6.9
Excess returns	-1.0	-0.9	+0.5	+0.5

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs^ (p.a.)	7 yrs (p.a.)
Total returns	-8.3	-6.9	4.4	6.3

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	34.1
	Australian Shares - Small Cap	3.0	3.0
	International Shares - Large Cap	23.0	21.4
	International Shares - Low Vol	6.0	4.4
	Global Shares - Small Cap	5.0	4.6
	Emerging Markets Shares	8.0	6.4
Real Assets	Global Listed Property**	0.0	0.2
	Australian Direct Property	7.0	7.4
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	8.0	5.2
	Natural Resources	1.0	1.7
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	0.6
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.3
	High Yield Debt	0.0	1.3
	Emerging Markets Debt	2.9	2.4
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Short Term Bond Fund	0.0	0.0
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	5.0
	100.0	100.0	
FX Exposure	37.0	35.7	

\*\* 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	-8.2	-6.3	5.3	7.4
Benchmark return*	-7.3	-5.4	4.8	6.9
Excess returns	-0.9	-0.9	+0.5	+0.5

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-8.3	-6.8	4.4	6.4

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	32.0	34.0
	Australian Shares - Small Cap	3.0	3.0
	International Shares - Large Cap	23.0	21.3
	International Shares - Low Vol	6.0	4.4
	Global Shares - Small Cap	5.0	4.6
	Emerging Markets Shares	8.0	6.4
Real Assets	Global Listed Property**	0.0	0.2
	Australian Direct Property	7.0	7.4
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	8.0	5.2
	Natural Resources	1.0	1.7
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	0.6
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.3
	High Yield Debt	0.0	1.3
	Emerging Markets Debt	2.9	2.4
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Short Term Bond Fund	0.0	0.0
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	5.2
		100.0	100.0
<i>FX Exposure</i>	37.0	35.7	

\*\* 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	-8.2	-6.2	5.3	7.4
Benchmark return*	-7.3	-5.4	4.8	6.9
Excess returns	-0.9	-0.8	+0.5	+0.5

*\*Composite benchmark of relevant indices*

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-8.3	-6.8	4.3	6.3

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	32.0	34.2
	Australian Shares - Small Cap	3.0	3.0
	International Shares - Large Cap	23.0	21.3
	International Shares - Low Vol	6.0	4.4
	Global Shares - Small Cap	5.0	4.6
	Emerging Markets Shares	8.0	6.4
Real Assets	Global Listed Property**	0.0	0.2
	Australian Direct Property	7.0	7.5
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	8.0	5.2
	Natural Resources	1.0	1.7
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	0.6
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.3
	High Yield Debt	0.0	1.3
	Emerging Markets Debt	2.9	2.4
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Short Term Bond Fund	0.0	0.0
	Global Credit	0.0	0.2
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	4.7
		100.0	100.0
<i>FX Exposure</i>	37.0	35.7	

\*\* 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	-8.2	-6.2	5.2	7.3
Benchmark return*	-7.3	-5.4	4.7	6.9
Excess returns	-0.9	-0.8	+0.5	+0.4

\*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-8.3	-6.7	4.2	6.3

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	32.0	34.2
	Australian Shares - Small Cap	3.0	3.0
	International Shares - Large Cap	23.0	21.2
	International Shares - Low Vol	6.0	4.4
	Global Shares - Small Cap	5.0	4.7
	Emerging Markets Shares	8.0	6.4
Real Assets	Global Listed Property**	0.0	0.2
	Australian Direct Property	7.0	7.5
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	8.0	5.3
	Natural Resources	1.0	1.7
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	0.5	0.6
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	2.1	1.3
	High Yield Debt	0.0	1.3
	Emerging Markets Debt	2.9	2.4
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.0	0.0
	Global Short Term Bond Fund	0.0	0.0
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	0.0	0.0
	Global Sovereign Bonds	0.0	0.0
	Australian Inflation Plus	0.0	0.0
	Cash	1.5	4.8
		100.0	100.0
FX Exposure	37.0	35.8	

\*\* 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	-7.6	-5.6	4.9	6.9
Benchmark return*	-6.7	-4.7	4.4	6.5
Excess returns	-0.9	-0.9	+0.5	+0.4

\*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-7.6	-6.1	4.0	5.9

Asset allocation (%)		B'mark	Actual
Shares	Australian Shares - Large Cap	29.2	31.2
	Australian Shares - Small Cap	2.3	2.3
	International Shares - Large Cap	20.7	19.0
	International Shares - Low Vol	6.0	4.4
	Global Shares - Small Cap	4.1	3.8
	Emerging Markets Shares	6.7	5.2
Real Assets	Global Listed Property**	0.6	0.6
	Australian Direct Property	7.0	7.8
	Global Listed Infrastructure**	0.0	1.0
	Global Unlisted Infrastructure	7.9	5.2
	Natural Resources	1.0	1.7
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	1.5	1.9
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	3.0	1.7
	High Yield Debt	1.4	2.7
	Emerging Markets Debt	3.1	2.6
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	0.3	0.4
	Global Short Term Bond Fund	0.0	0.0
	Global Credit	0.0	0.0
	Australian Sovereign Bonds	1.5	1.3
	Global Sovereign Bonds	1.5	1.3
	Australian Inflation Plus	0.6	0.7
	Cash	1.6	5.2
		100.0	100.0
FX Exposure	35.0	33.9	

\*\* 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	-6.6	-4.9	4.3	6.3
Benchmark return*	-5.6	-4.0	3.7	5.9
Excess returns	-1.0	-0.9	+0.6	+0.4

\*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	7 yrs (p.a.)
Total returns	-6.6	-5.5	3.4	5.3

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	23.6	26.0
	Australian Shares - Small Cap	1.4	1.5
	International Shares - Large Cap	17.1	15.3
	International Shares - Low Vol	6.0	4.4
	Global Shares - Small Cap	2.2	2.1
	Emerging Markets Shares	5.2	4.0
Real Assets	Global Listed Property**	1.1	1.2
	Australian Direct Property	7.0	7.9
	Global Listed Infrastructure**	0.0	0.9
	Global Unlisted Infrastructure	7.9	5.3
	Natural Resources	1.0	1.7
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	1.5	2.0
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	4.7	2.6
	High Yield Debt	3.5	5.2
	Emerging Markets Debt	4.3	3.5
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	1.8	1.8
	Global Short Term Bond Fund	0.0	0.0
	Global Credit	0.0	1.4
	Australian Sovereign Bonds	3.4	2.9
	Global Sovereign Bonds	3.4	2.4
	Australian Inflation Plus	1.1	1.3
	Cash	3.8	6.6
		100.0	100.0
<b>FX Exposure</b>	<b>31.0</b>	<b>30.1</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	-5.4	-4.3	3.8	5.7
Benchmark return*	-4.6	-3.4	3.2	5.3
Excess returns	-0.8	-0.9	+0.6	+0.4

\*Composite benchmark of relevant indices

Total returns - after fees & taxes (%)	3 months	1 year	3 yrs (p.a.)	6 yrs (p.a.)
Total returns	-5.5	-4.9	2.9	4.8

Asset allocation (%)	B'mark	Actual	
Shares	Australian Shares - Large Cap	18.8	21.1
	Australian Shares - Small Cap	0.7	0.8
	International Shares - Large Cap	13.1	10.6
	International Shares - Low Vol	6.0	4.4
	Global Shares - Small Cap	0.7	0.7
	Emerging Markets Shares	3.7	2.9
Real Assets	Global Listed Property**	1.7	1.8
	Australian Direct Property	6.9	7.9
	Global Listed Infrastructure**	0.0	0.9
	Global Unlisted Infrastructure	7.9	5.3
	Natural Resources	1.0	1.8
Alternatives	Private Equity	0.0	0.0
	Sustainable Opportunities	0.0	0.0
	Diversified Growth Funds	1.5	2.1
	Hedge Funds	0.0	0.0
Growth Fixed Interest	Private Debt	6.2	3.5
	High Yield Debt	5.4	7.4
	Emerging Markets Debt	5.4	4.4
Defensive Fixed Interest & Cash	Global Absolute Return Bonds	3.3	3.3
	Global Short Term Bond Fund	0.0	0.0
	Global Credit	0.0	1.3
	Australian Sovereign Bonds	5.3	4.3
	Global Sovereign Bonds	5.3	4.4
	Australian Inflation Plus	1.7	2.1
	Cash	5.4	9.0
		100.0	100.0
<b>FX Exposure</b>	<b>27.5</b>	<b>26.9</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	-0.1	-0.2	0.0	0.0
Listed Infrastructure				
Macquarie Investment Management	0.0	-0.1	+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
Sustainable Plus International Shares	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)
Global Short Term Bonds	Bloomberg AusBond Bank Bill Index
Australian Sovereign Bonds	Bloomberg AusBond Treasury Index 0+ (All Maturities)
Overseas Sovereign Bonds	JP Morgan Global Sovereign Bond Index in A\$ (Hedged) <i>From December 2013 to January 2017, the benchmark was JP Morgan Global Sovereign Bond Index (Customised) in A\$ Hedged. Prior to November 2013, the benchmark was 50% JP Morgan Global Government Bond Index in A\$ Hedged and 50% JP Morgan Customised Index. Therefore, calculations for longer period benchmark returns are inclusive of this data. Alternate benchmarks may apply to managers individually.</i>
Australian Inflation Plus	CPI +1%
Cash	
Cash and Term Deposits	Bloomberg AusBond Bank Bill Index

## For further information

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