

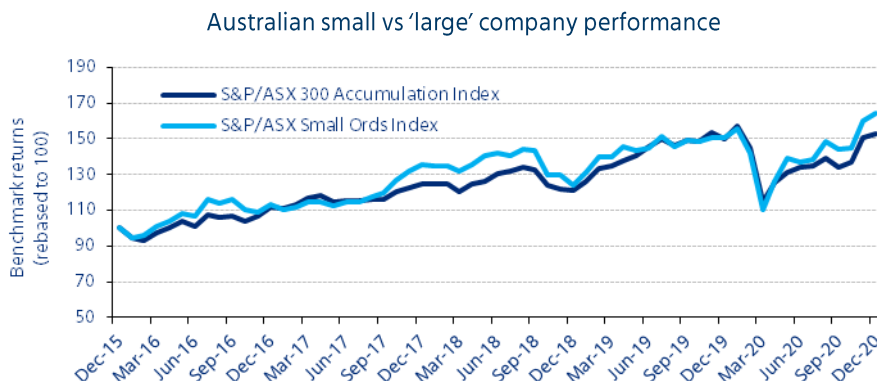
NOTE: Past performance is not a reliable indicator of future performance.

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

Shares

Australian shares – small companies

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



Mercer Australian Small Companies Fund

Investment performance

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

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

Manager performance

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

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