



Mercer Funds **Monthly report**

April 2022



welcome to brighter

Financial markets update

Global equity markets had their worst month since March 2020. The perfect storm of central bank tightening, economic growth momentum fading and the earnings outlook becoming more challenged contributed to overall risk-off sentiment. The conflict in Ukraine continued as Russian forces focused their efforts on southeastern Ukraine. Lockdowns have closed down many parts of China's economy which has led to a downward revision in growth projections. This will likely lead to a continuation of supply chain stress.

Over April, Hedged Developed Markets Overseas Shares returned -7.4%, as equity markets sold off and volatility spiked in the worst month for the S&P 500 since March 2020. Corporate earnings are beginning to converge into single digit territory after last year's massive rebound. Markets would normally look at policy support to ease the pain. This time though, high inflation is leaving central banks little choice but to maintain their plans to continue tightening. Therefore, investors had little reason to remain optimistic, which was reflected in price action during the month. Unhedged Emerging Market shares returned -0.2% due to the sell-off in China as markets priced in the impact of the now far-reaching lockdowns. Taiwan and Korea did poorly as well given their economic integration with China.

Hedged Overseas Government Bonds returned -2.9% over the month. US treasury bonds saw the worst month in a decade as yields kept rising, pushing up borrowing costs across the economy. Australian bond yields followed in a similar manner with Australian government bonds returning -1.5%. Credit spreads also widened for investment grade and high yield corporate debt.

Australian shares declined far less than their global counterparts over April, the global selloff in Technology stocks has left the S&P/ASX 300 relatively unaffected as it makes up only 3.5% of the S&P/ASX 300 index. The S&P/ASX300 returned -0.8%, the S&P/ASX 50 (-0.6%) and S&P/ASX Small Ordinaries (-1.5%). The best performing sectors were Utilities (9.3%) and Consumer Staples (3.4%). Alternatively, IT (-9.9%) and Materials (-4.0%) were the worst performing sectors. Ramsay Health Care (24.7%) was the biggest contributor to the S&P/ASX300 over the month, meanwhile BHP (-6.5%) was the largest detractor.

Total returns (%) – after fees¹

Mercer Funds	1 mnth	FYTD	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Shares							
Mercer Australian Shares Fund	-1.3	4.5	9.1	9.2	8.4	7.6	9.4
Mercer Australian Shares Fund for Tax Exempt Investors	-0.5	7.5	11.8	11.3	10.6	9.7	n/a
Mercer Australian Shares Plus Fund	-1.6	4.3	8.8	9.7	8.9	8.0	9.6
Mercer Sustainable Plus Australian Shares Fund	-0.9	4.0	8.2	10.2	8.8	7.9	10.0
Mercer Australian Small Companies Fund	-1.7	0.1	4.0	13.1	12.8	10.1	8.2
Mercer International Shares Fund	-2.3	-4.6	0.5	8.5	10.0	9.6	13.5
Mercer Hedged International Shares Fund	-6.5	-7.6	-4.9	7.8	8.3	8.1	10.9
Mercer Socially Responsible Global Shares Fund – Unhedged	-3.4	-7.3	-1.5	8.3	9.3	n/a	n/a
Mercer Socially Responsible Global Shares Fund – Hedged	-7.6	-10.2	-6.9	8.0	n/a	n/a	n/a
Mercer Global Small Companies Shares Fund	-2.1	-11.8	-8.1	6.7	8.3	7.9	13.2
Mercer Emerging Markets Shares Fund	-1.8	-19.2	-14.7	1.0	4.4	3.6	6.3
Mercer Passive Emerging Markets Shares Fund	-0.2	-16.0	-11.5	1.7	5.2	4.0	n/a
Real Assets							
Mercer Australian Direct Property Fund	0.6	15.1	16.0	8.8	9.6	10.2	9.7
Mercer Passive Australian Listed Property Fund	0.5	6.8	14.5	6.1	7.1	8.0	11.3
Mercer Global Listed Property Fund	-3.3	1.9	5.2	3.6	5.5	4.9	8.4
Mercer Global Listed Infrastructure Fund	-2.6	7.4	6.9	4.5	5.7	6.2	10.2
Mercer Global Unlisted Infrastructure Fund	1.2	9.8	14.6	11.9	11.2	12.2	11.0
Fixed Interest							
Mercer Australian Sovereign Bond Fund - Class 1	-1.5	-8.8	-7.7	-1.2	1.3	1.6	2.8
Mercer Global Sovereign Bond Fund - Class 1	-2.1	-6.0	-5.2	0.6	2.1	2.7	4.2
Mercer Global Short Term Bond Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Australian Inflation Plus Fund	1.8	3.0	2.8	4.0	3.6	2.9	2.9
Mercer Global Absolute Return Bond Fund	-0.5	-3.0	-2.7	1.1	1.3	1.6	n/a
Mercer Global Credit Fund	-4.1	-10.5	-9.2	-0.1	1.2	2.0	3.8
Mercer Emerging Market Debt Fund	-1.0	-12.0	-7.6	-3.5	-1.4	0.2	1.5
Mercer Global High Yield Bond Fund	-3.1	-6.2	-4.5	1.9	2.9	3.6	n/a
Mercer Global Private Debt Fund	0.1	2.5	3.9	4.3	5.6	5.5	n/a
Cash							
Mercer Cash Fund – Cash Units	0.0	-0.1	-0.2	0.4	1.0	1.3	1.8
Mercer Cash Fund – Term Deposit Units	0.0	-0.1	-0.1	0.5	1.1	1.4	2.0
Diversified							
Mercer Diversified Shares Fund	-2.1	-0.9	3.8	8.4	8.5	7.7	10.4
Mercer High Growth Fund	-1.7	-0.7	3.3	7.5	7.9	7.1	9.1
Mercer Growth Fund – Active Units	-1.6	0.0	3.6	7.2	7.4	6.7	8.5
Mercer Moderate Growth Fund – Active Units	-1.1	-0.6	2.2	4.7	5.4	5.0	6.6
Mercer Conservative Growth Fund – Active Units	-1.0	-1.0	1.0	3.5	4.1	3.9	5.0
Mercer Growth Fund – Enhanced Passive Units	-2.2	-0.8	2.7	6.6	n/a	n/a	n/a
Mercer Moderate Growth Fund – Enhanced Passive Units	-1.7	-1.8	1.2	5.4	n/a	n/a	n/a
Mercer Conservative Growth Fund – Enhanced Passive Units	-1.5	-2.8	-0.6	3.6	n/a	n/a	n/a

NOTES

Past performance is not a reliable indicator of future performance

- Total Returns are based on exit prices and are net of Management Costs (as disclosed in the relevant Fund's Product Disclosure Statement).

Excess returns (%) – before fees¹

Mercer Funds	1 mnth	FYTD	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)
Shares							
Mercer Australian Shares Fund	-0.4	0.1	0.0	0.5	0.3	0.4	0.5
Mercer Australian Shares Fund for Tax Exempt Investors	0.4	1.9	1.4	1.4	1.3	1.2	n/a
Mercer Australian Shares Plus Fund	-0.7	0.1	0.0	1.2	1.1	1.1	0.9
Mercer Sustainable Plus Australian Shares Fund	0.1	-0.2	-0.6	1.7	0.9	1.0	1.4
Mercer Australian Small Companies Fund	-0.2	1.8	2.7	7.0	4.6	2.5	3.4
Mercer International Shares Fund	0.9	-2.7	-3.2	-0.5	-0.3	0.3	0.1
Mercer Hedged International Shares Fund	1.0	-2.2	-2.6	-0.4	-0.2	0.3	0.2
Mercer Socially Responsible Global Shares Fund – Unhedged	-0.2	-5.5	-5.4	-0.7	-1.0	n/a	n/a
Mercer Socially Responsible Global Shares Fund – Hedged	-0.2	-5.0	-4.8	-0.3	n/a	n/a	n/a
Mercer Global Small Companies Shares Fund	0.6	-2.7	-2.6	0.5	0.7	0.1	0.8
Mercer Emerging Markets Shares Fund	-1.6	-2.7	-2.7	0.1	0.0	0.3	0.4
Mercer Passive Emerging Markets Shares Fund	0.0	-0.1	-0.1	-0.1	-0.1	-0.3	n/a
Real Assets							
Mercer Australian Direct Property Fund	-0.3	10.0	10.1	4.1	5.1	4.8	3.6
Mercer Passive Australian Listed Property Fund	0.0	-0.1	-0.1	0.2	0.1	0.0	-0.2
Mercer Global Listed Property Fund	0.8	0.9	1.2	1.4	1.7	1.4	1.5
Mercer Global Listed Infrastructure Fund	-0.3	-0.6	-0.9	-0.3	-0.3	-0.1	0.0
Mercer Global Unlisted Infrastructure Fund	0.3	2.7	7.0	7.2	7.8	9.3	7.4
Fixed Interest							
Mercer Australian Sovereign Bond Fund - Class 1	0.1	0.1	0.1	0.4	0.3	0.3	0.4
Mercer Global Sovereign Bond Fund - Class 1	0.7	1.6	1.7	1.0	1.3	1.0	1.1
Mercer Global Short Term Bond Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mercer Australian Inflation Plus Fund	1.1	-1.0	-1.8	1.2	1.0	0.6	0.6
Mercer Global Absolute Return Bond Fund	-0.5	-3.4	-3.4	0.2	-0.1	-0.1	n/a
Mercer Global Credit Fund	0.2	0.4	0.5	0.4	0.4	0.3	0.6
Mercer Emerging Market Debt Fund	-0.2	1.4	2.1	1.1	0.1	0.4	0.1
Mercer Global High Yield Bond Fund	0.5	0.8	1.4	1.0	0.6	0.0	n/a
Mercer Global Private Debt Fund	0.0	1.7	3.3	2.6	2.9	2.2	n/a
Cash							
Mercer Cash Fund – Cash Units	0.0	0.1	0.1	0.3	0.3	0.3	0.3
Mercer Cash Fund – Term Deposit Units	0.0	0.2	0.2	0.4	0.4	0.5	0.5
Diversified							
Mercer Diversified Shares Fund	0.1	-0.2	-0.1	0.3	0.1	0.1	0.2
Mercer High Growth Fund	-0.2	-0.7	-0.5	0.8	0.8	0.6	0.6
Mercer Growth Fund – Active Units	-0.1	0.4	0.9	1.3	1.1	0.8	0.9
Mercer Moderate Growth Fund – Active Units	-0.1	0.3	0.6	0.8	0.7	0.4	0.6
Mercer Conservative Growth Fund – Active Units	-0.1	0.1	0.4	0.8	0.6	0.5	0.6
Mercer Growth Fund – Enhanced Passive Units	0.0	0.7	0.5	-0.1	n/a	n/a	n/a
Mercer Moderate Growth Fund – Enhanced Passive Units	0.2	0.3	0.5	0.3	n/a	n/a	n/a
Mercer Conservative Growth Fund – Enhanced Passive Units	0.1	-0.2	0.0	0.1	n/a	n/a	n/a

NOTES

Past performance is not a reliable indicator of future performance.

1. Excess Returns are relative to benchmark and are calculated as the difference between performance (before fees) and the asset-weighted benchmark return. Benchmarks are listed on page 6. Asset weights used are those shown in the relevant Fund's Product Disclosure Statement or Information Memorandum, as relevant.

Mercer SmartPath® Funds

Total Returns (%) - (after fees) ¹	1 month	3 months	FYTD	1 year	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)
Mercer SmartPath 1989—1993	-1.6	-1.4	-0.1	4.1	7.6	7.9	7.1
Mercer SmartPath 1984—1988	-1.6	-1.4	-0.1	4.2	7.7	8.0	7.1
Mercer SmartPath 1979—1983	-1.6	-1.4	0.0	4.2	7.7	8.0	7.1
Mercer SmartPath 1974—1978	-1.6	-1.4	0.0	4.2	7.6	8.0	7.1
Mercer SmartPath 1969—1973	-1.6	-1.3	0.1	4.4	7.5	7.9	7.1
Mercer SmartPath 1964—1968	-1.5	-1.4	0.1	4.2	7.0	7.4	6.6
Mercer SmartPath 1959—1963	-1.3	-1.6	0.0	3.5	6.1	6.5	5.9
Mercer SmartPath 1954—1958	-1.0	-1.8	-0.3	2.8	5.3	5.8	5.3

NOTES

Past performance is not a reliable indicator of future performance.

Differences between returns for each fund can reflect different underlying investment strategies, or where strategies are the same, the timing of cash flows in the establishment of the Mercer SmartPath Funds.

1. Total Returns are based on exit prices and allow for deduction of investment management fees.

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
Global Small Companies	MSCI World Small Cap Index in A\$ <i>Prior to September 2014 the benchmark was S&P Developed Small Cap Index. Therefore, calculations for longer period benchmark returns are inclusive of this data.</i>
Socially Responsible Global Shares	Unhedged: MSCI World (NRD) Index in A\$ Hedged: MSCI World (NRD) Index in A\$ (Hedged)
Sustainable Plus Australian Shares	S&P/ASX 300 Accumulation Index
Emerging Markets	MSCI Emerging Markets Index in A\$
Real Assets	
Direct Property	CPI + 4%
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, the calculations for longer period benchmark returns are inclusive of this data.</i>
Passive Australian Listed Property	S&P/ASX 200 Property Trusts Accumulation Index
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)
Fixed Interest	
Australian Sovereign Bonds	Bloomberg AusBond Treasury Index 0+ (All Maturities)
Global Sovereign Bonds	JP Morgan Global Sovereign Bond Index in A\$ (Hedged) <i>Prior to November 2013 the benchmark was 50% JP Morgan Global Government Bond Index in A\$ Hedged and 50% JP Morgan Customised Index. From December 2013 to January 2017, it was the JP Morgan Global Sovereign Bond Index (Customised) in A\$ Hedged. Therefore, the calculations for longer period benchmark returns are inclusive of this data.</i>
Global Short Term Bond	Bloomberg AusBond Bank Bill Index
Australian Inflation Plus	CPI +1%
Global Absolute Return Bonds	Bloomberg AusBond Bank Bill Index +1% pa
Global Credit	60% Barclays Global Aggregate - Corporate Index in A\$ (Hedged) 40% Barclays Capital Global Aggregate ex Government ex Treasuries Index in A\$ (Hedged)
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% pa
Cash	
Cash	Bloomberg AusBond Bank Bill Index

For further information

Contact your Mercer Adviser, or call the Helpline:

t: 1300 728 928

e: MercerFundsAU@mercer.com

w: <https://www.mercer.com.au/mercerfunds>

This Report is issued by Mercer Investments (Australia) Limited ABN 66 008 612 397 (MIAL), Australian Financial Services Licence #244385 as the Responsible Entity of the Mercer Funds. 'Mercer' and 'Mercer SmartPath' are Australian registered trademarks of Mercer (Australia) Pty Ltd, ABN 32 005 315 917.

Investors should be aware that the value of an investment in any Mercer Fund may rise and fall from time to time and that neither MIAL nor Mercer guarantees the investment performance, earnings or return of capital invested in any Mercer Fund. If you are investing directly into any Mercer Fund, you will need to complete an application form included in, or accompanying, a current Mercer Funds Product Disclosure Statement which is issued by and available from MIAL. If you are investing indirectly into a Mercer Fund through an Investor Directed Portfolio Service (IDPS) or an IDPS-like service (such as a master trust, wrap account, custody or nominees service) (Service) you will need to complete the forms or documents your Service provider requires. The information contained in this Report includes general financial product advice which does not take into account the personal objectives, financial situation or needs of individual investors. It is important that you consider these matters, read the: (a) current Mercer Funds Product Disclosure Statement if you are investing directly; or (b) current Product Disclosure Statement for any Mercer Funds issued by MIAL, together with the Product Disclosure Statement and/or any other offer documents applicable to your Service (available from your Service provider) if you are investing indirectly into a Mercer Fund through a Service, and obtain personal financial advice from a licensed, or appropriately, authorised financial adviser. The investment returns shown for any Mercer Fund throughout this Report do not take into account the unique characteristics that apply to each investor (such as timing of cash flow). As a result, the actual investment returns applying to a particular investor may differ from the investment returns shown in this Report. You should also remember that past performance should not be relied upon as an indicator of future performance.

Report issued: 16 May 2022 | Copyright 2022 Mercer Investments (Australia) Limited. | All rights reserved.