

Standard paragraphs for a financial plan

About the Mercer Funds

Mercer offers a range of single sector and diversified funds, to help investors achieve their investment objectives.

Mercer’s Diversified Funds include the Mercer Diversified Shares Fund, Mercer High Growth Fund, Mercer Growth Fund, Mercer Moderate Growth Fund, Mercer Conservative Growth Fund, and Mercer Defensive Fund, which access more than 50 underlying investment managers across and within asset sectors.

The Mercer Single Sector Funds are the building blocks that make up the Mercer Diversified Funds and can be used on a standalone basis in conjunction with other strategies to meet your objectives.

Who is Mercer?

Mercer believes in building brighter futures by redefining the world of work, reshaping retirement and investment outcomes, and unlocking real health and well-being. Mercer’s more than 25,000 employees are based in 44 countries and the firm operates in over 130 countries.

Mercer is a business of Marsh & McLennan Companies, Inc (NYSE: MMC), the world’s leading professional services firm in the areas of risk, strategy and people, with 76,000 colleagues and annual revenue of \$17 billion. Through its market-leading businesses including Marsh, Guy Carpenter and Oliver Wyman, MMC helps clients navigate an increasingly dynamic and complex environment.

Mercer Investments (Australia) Limited is the Responsible Entity of the Mercer Funds. In Australia, Mercer’s Institutional Wealth business has more than 150 staff across offices in Sydney, Melbourne, Adelaide, and Perth.

The spectrum of investment solutions

Mercer’s Institutional Wealth business

Client “*Leave me to it*”

Client “*Help me do it*”

Client “*Do it for me*”



Data as of | ^{*}30 June 2020 | [#]30 June 2019 | [^]30 June 2020

Mercer's Investment Beliefs



Beliefs in building multi-manager portfolios

The Mercer Funds are developed to provide efficient, cost effective access to our best ideas. Mercer's Investment Beliefs are a globally consistent set of principles that guide our investment decision making. We believe the following three areas are key to multi-manager investing: diversification; investment efficiency; and specialist management.

When considering investment strategies for our multi-manager funds, we take into the following perspectives:

- Accessing the widest investment opportunity sets.
- Only taking risk where it is rewarded.
- Market valuation is important and overvalued assets represent risk.
- Innovative inclusion of 'new' asset classes and manager strategies.
- Adding value through exposure to less efficient markets.

We have a team of specialists whose role is to construct optimal investment portfolios in each asset class. The two key criteria needed for strong risk-adjusted performance are:

- An ability to consistently identify and appoint outperforming investment managers.
- A sophisticated portfolio construction framework.

Mercer believes a robust, flexible long-term investment strategy drives sustainable investment success. This belief is based on the following five key premises:

Risk management

At the heart of Mercer's investment beliefs is diversification. Diversification is spreading investments across different investment types and risks to mitigate periods of market volatility, and provide downside risk protection.

Active management

Pursue active management in asset classes that offer the greatest opportunity for skilled investment managers to add value.

Utilise passive management to manage risk or where active management does not represent value for money.

Dynamic asset allocation

Take dynamic (medium-term) asset allocation tilts when one asset class has deviated from fair value by investing in another with greater return potential.

Operational efficiency

Maximise operational efficiency by minimising unnecessary costs and avoiding unrewarded risks through specialist tools and techniques in transition management, securities lending, foreign currency transactions, custody reviews and operational risk assessments.

Sustainability

Maximise the value of long term investing by questioning how capital could be better allocated and utilised, and understanding and mitigating the full range of potential risks that could emerge from Environmental, Social, and Governance (ESG) issues.

Benefits of multi-manager investing

- Investors gain access to sophisticated, professionally managed and well diversified investment portfolios.
- Investors can access the expertise of specialist investment managers that previously were only accessible for the largest and most sophisticated investors.
- Multi-manager portfolios have in-built manager research, portfolio construction and rebalancing expertise; which ensures portfolios are managed in the most cost effective and efficient manner.
- Our multi-manager approach involves selecting optimal combinations of investment managers to achieve exposure to a range of investment management styles.

Mercer’s manager research and ratings process

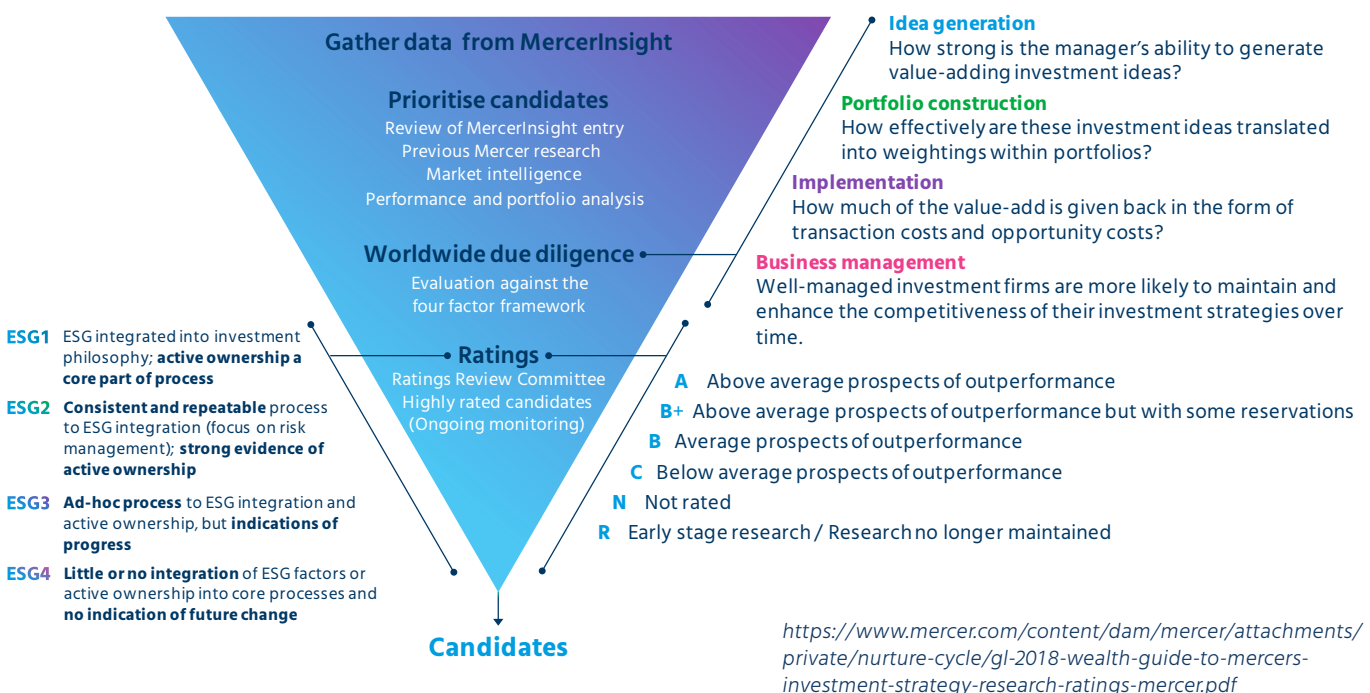
Mercer’s rigorous manager research process is designed to identify high quality investment strategies across the opportunity set. We invest substantial resources in screening the universe of potential investments and performing robust reviews of individual strategies so as to provide our clients with access to investments with the greatest probability of outperforming their benchmark.

Our screening and detailed research process has been proven to add value for our clients through the appointment of highly rated managers. Mercer has measured the value added by our well-rated managers since inception of our formal ratings (dating back more than 10 years for traditional asset classes).

Value added since inception has been positive for 95% (62 out of 65) of the product categories covered by the analysis. These results confirm our ability to add value for clients through our manager research capability.

Our research process is forward-looking and consistent across regions and asset classes. It enables us to effectively and efficiently assess new investment managers and strategies, and review existing strategies. It involves a combination of quantitative analysis, the direct experience of our research consultants and onsite visits to establish a qualitative view on each investment manager.

Our globally consistent research process is summarised in the following diagram.



Further details on the key steps in our manager research and ratings process are available upon request.

Mercer’s manager research coverage

Our global research coverage is one of the broadest achieved by any investments firm. All investment manager research is recorded in our manager research database – MercerInsight®. Our database coverage as at 30 June 2020 is detailed below.

6,705

Managers on MercerInsight®

35,622

Strategies on MercerInsight®

11,817

Total strategies rated

2,853

Strategies rated A

2,444

Private Markets rated strategies

5,596

ESG rated strategies

4,867*

Research Reports, and Views

3,396*

Research meetings

*Data is rolling 12 months ending 30 June 2020.

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For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative.

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Mercer universes: Mercer’s universes are intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors.

The value of your investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments carry additional risks that should be considered before choosing an investment manager or making an investment decision.

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