

Fund update

Mercer Macquarie Real Return Opportunities Fund Mercer Investment Funds

Quarter ending 31 March 2024

This fund update was first made publicly available on: 30 April 2024.

What is the purpose of this update?

This document tells you how the Mercer Macquarie Real Return Opportunities Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Mercer (N.Z.) Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The fund is a diversified fund that aims to generate a positive return above inflation and to actively respond to changing market conditions with a flexible approach to investing. Environmental, Social and Governance characteristics are integrated into the underlying investment managers' investment processes. The fund aims to provide a Real Return of greater than 4% per annum over a rolling five year period.

| | |
|---------------------------|------------------|
| Total value of the fund | \$8,285,551 |
| The date the fund started | 11 December 2013 |

What are the risks of investing?

Risk indicator for the Mercer Macquarie Real Return Opportunities Fund¹:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-profiler

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

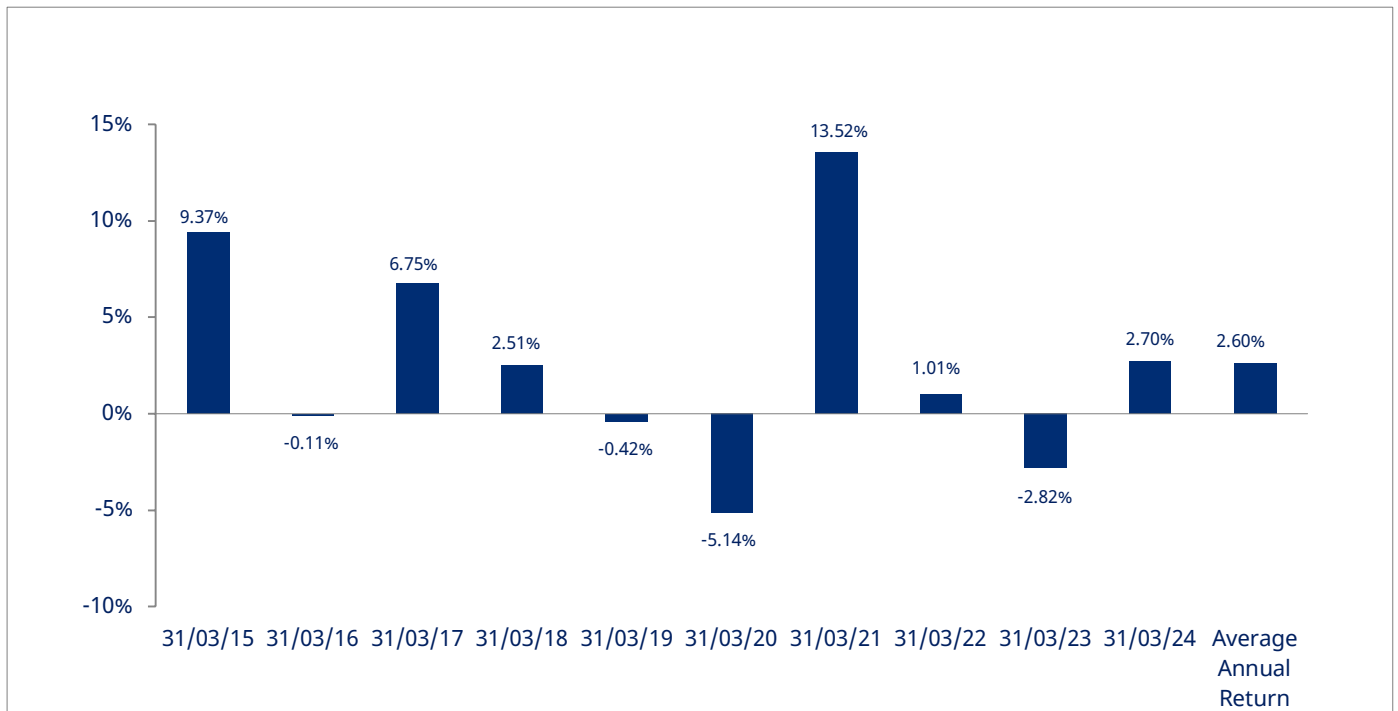
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 5 years to 31 March 2024. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?²

| | Average over past 5 years | Past year |
|--|---------------------------|-----------|
| Annual return³ <i>(after deductions for charges and tax)</i> | 1.68% | 2.70% |
| Annual return³ <i>(after deductions for charges but before tax)</i> | 2.56% | 3.80% |

Annual Return Graph⁴



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 31 March 2024.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Mercer Macquarie Real Return Opportunities Fund are charged fund charges. In the year to 31 March 2023 these were:

| | % of net asset value |
|---|----------------------|
| Total fund charges | 1.33% |
| Which are made up of: | |
| Total management and administration charges | 1.33% |
| Including: | |
| Manager's basic fee (excluding GST ⁵) | 1.15% |
| Other management and administration charges (including GST) | 0.18% |
| Total performance based fees | 0.00% |

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for the Mercer Goals Based Funds at www.disclose-register.companiesoffice.govt.nz for more information about those fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

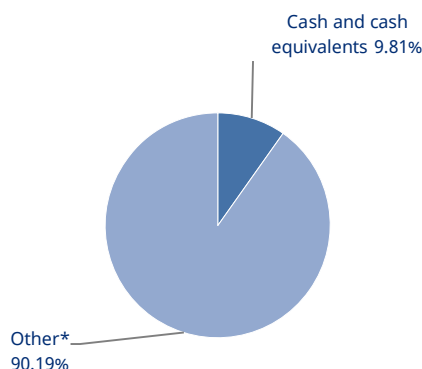
Example of how this applies to an investor

Ben had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Ben received a return after fund charges were deducted of \$270.00 (that is 2.70% of his initial \$10,000). Ben also paid \$0.00 in other charges. This gives Ben a total return after tax of \$270.00 for the year.

What does the fund invest in?

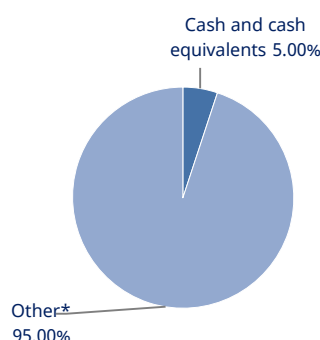
Actual investment mix⁶

This shows the types of assets that the fund invests in.



Target investment mix

This shows the mix of assets that the fund generally intends to invest in.



Top 10 Investments⁷

| Name | % of fund net assets | Type | Country | Credit rating (if available) |
|---|----------------------|---------------------------|-------------|------------------------------|
| ¹ Macquarie Real Return Opportunities Fund | 90.19% | Other* | Australia | NA |
| ² Westpac New Zealand Ltd RCD 27/06/24 | 0.21% | Cash and cash equivalents | New Zealand | AA- |
| ³ Mufg Bank Ltd Auckland Branch 051124 Frn | 0.19% | Cash and cash equivalents | New Zealand | A |
| ⁴ ASB Bank Ltd RCD 15/07/24 | 0.18% | Cash and cash equivalents | New Zealand | AA- |
| ⁵ Westpac New Zealand Ltd RCD 08/07/24 | 0.17% | Cash and cash equivalents | New Zealand | AA- |
| ⁶ Kiwibank Ltd Corporate Bond 2.155% maturing 20/09/24 | 0.16% | Cash and cash equivalents | New Zealand | NA |
| ⁷ New Zealand Local Government Funding Agency Bond 2.25% maturing 15/04/24 | 0.16% | Cash and cash equivalents | New Zealand | AAA |
| ⁸ Rabobank Nederland FRN 16/06/25 | 0.15% | Cash and cash equivalents | New Zealand | A+ |
| ⁹ ANZ Bank New Zealand Ltd RCD 12/04/24 | 0.13% | Cash and cash equivalents | New Zealand | AA- |
| ¹⁰ ASB Bank Ltd RCD 15/05/24 | 0.13% | Cash and cash equivalents | New Zealand | AA- |

* An interest in a diversified fund

The top 10 investments make up 91.67% of the fund.

Currency management

The Australian dollar exposure of the fund (the combined market value of the underlying fund) is hedged back to New Zealand dollars. Within the underlying fund, the investment managers actively manage any non-Australian dollar exposures and have discretion as to the amount of non-Australian dollar exposures that may be held. See the Statement of Investment Policy and Objectives on the scheme register at www.disclose-register.companiesoffice.govt.nz for more information about currency Hedging coverage, on a net of tax basis, for the Fund's exposure to foreign currency as at 31 March 2024 was 99.98%.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund.

| Name | Current Position | Time in current position | Previous/other position | Time in previous/other position |
|------------------|---|--------------------------|---|---------------------------------|
| Ross Butler | Chair - Mercer (N.Z.) Ltd | 0 years 11 months | Director - Mercer Investments (Australia) Limited (current) | 10 years 7 months |
| Martin Lewington | CEO - Mercer (N.Z.) Ltd | 15 years 1 month | Head of Investments - Mercer (N.Z.) Ltd | 3 years 8 months |
| Kylie Willment | Chief Investment Officer, Pacific, Mercer Australia (Pty) Ltd | 6 years 5 months | Senior Manager, Investment & Client Strategy - TCorp (NSW Treasury Corporation) | 17 years 0 months |
| Padraig Brown | Chief Investment Officer - New Zealand, Mercer (N.Z.) Ltd | 1 year 10 months | Head of Real Estate Investment Management, Mercer Australia (Pty) Ltd | 11 years 2 months |
| Robert Kavanagh | Head of Portfolio Management NZ - Mercer (N.Z.) Ltd | 10 years 0 months | Vice President - Account Management, PIMCO Australia Pty Limited | 7 years 0 months |

Further information

You can also obtain this information, the PDS for the Mercer Goals Based Funds and some additional information from the offer register at www.disclose-register.companiesoffice.govt.nz.

Notes

1. The expected volatility of the Mercer Macquarie Real Return Opportunities Fund has been calculated by reference to the expected volatility of the underlying funds into which it invests.
2. There is no appropriate market index or suitable peer group index or indices for the fund against which to assess either movements in the market in relation to the returns from the assets in which the fund invests, or the performance of the fund as a whole.
3. These returns are for the periods ending 31 March 2024.
4. The bar graph shows fund returns after the deduction of fees and tax, however, the market index returns are shown before any fees or tax are deducted.
5. GST is currently charged at 15% on 10% of the management fee in accordance with the non-binding IRD agreement with the Financial Services Council of New Zealand Incorporated on behalf of the funds management industry. GST on management fees is currently under review and therefore this percentage may change in the future.
6. For the reporting of the types of assets under Actual investment mix, foreign exchange hedging positions have been assigned to the 'Cash and cash equivalents' sector.
7. The Top 10 investments have been calculated excluding operational cash and derivatives.

Other than Macquarie Bank Limited (MBL), none of the entities noted in this document are authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. Any investments are subject to investment risk including possible delays in repayment and loss of income and principal invested. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise.