

Portfolio Update

Mercer APS CoreSeries Portfolios



Executive Summary

On 31st of July 2024, Mercer Investments Australia Limited (MIAL) or “Mercer” became the Investment Manager for the Mercer APS CoreSeries portfolios, previously known as the ‘Morgan Stanley MAPS Core Portfolios’.

As part of our ongoing review of these portfolios, Mercer has finished its assessment of the portfolios and has identified opportunities to incorporate Mercer’s best ideas in relation to both manager selection and portfolio construction.

As a result, Mercer has recently made the following changes:

- **Removed existing single region exposures** to Europe, Japan, US and India in favour of the existing diversified Vanguard International Shares Index strategy.

This includes the removal of the following funds

- Global X Euro Stoxx 50 ETF
- iShares MSCI Japan ETF
- Vanguard US Total Market Shares Index ETF
- Global X India Nifty 50 ETF

As a result, the exposure to the following funds has been increased:

- Vanguard MSCI Index International Shares (Hedged) ETF
- Vanguard MSCI Index International Shares ETF
- **New allocation** to Global Listed Real Estate (GREIT’s) within the APS CoreSeries Balanced and APS CoreSeries Growth portfolios through the Resolution Capital Property Securities Fund.
- **New allocation** to Global Small and Mid-Caps Equities (SMID’s) within the APS CoreSeries Growth portfolio through the Bell Global Emerging Companies Fund.

These changes only affect portfolios where there was an existing holding at the date of the change.

Additional information on the new funds:

Asset Class	New Manager
Global SMID Equity	<p>Mercer favourably views Global Small and Mid-Cap Equities. We believe there is potential for higher returns given growth prospects and inefficiencies that can be exploited within this asset class. As such, SMID's may provide the portfolio with additional alpha opportunities.</p> <p>Bell Global Emerging Companies Fund</p> <p>The strategy is a long only equity strategy which aims to outperform the MSCI World SMID index using a Quality at a reasonable price (QARP) orientated investment approach underpinned by long-term focused fundamental research. The fund typically holds around 35 – 55 stocks.</p>
GREIT's (Global Real Estate)	<p>Mercer favourably views GREIT's as it can provide diversification benefits to the portfolio through stable income and potential for capital appreciation. GREIT's can act as an inflation hedge and provide defensive qualities during periods of uncertainty.</p> <p>Resolution Capital Global Property Securities Fund</p> <p>The Fund provides investors exposure to the Global Real Estate Investment Trust (GREIT) market through an index unaware portfolio. The Fund has a focus on investments which comprise of core property assets and high-quality management teams.</p>

We are here to help

Please contact your Mercer State Manager if you have any questions:

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Alternatively, you can contact the Mercer Funds Contact Centre on **1300 728 928** Monday to Friday between 8.30am and 5.30pm (AEST/AEDT).

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