

Portfolio Update

September 2025

For Financial Advisers only

Overview of the changes:

Mercer Investments (Australia) Limited, as the investment manager of the Mercer APS CoreSeries Portfolios* (**'Portfolio(s)'**), made the following changes to the relevant Portfolios during September 2025.

We consolidated our core strategies to a single manager to reduce overlap within Australian equities, leading to a redemption of the Pendal Focus Australian Share Fund. We redistributed this allocation to our existing value and growth exposures, with a view to provide more consistent return outcomes for the Portfolios' clients across the market cycle.

Within the Australian equities sleeve for our Growth Portfolio, we also added a small cap exposure as another driver of active alpha opportunities. The Longwave Australian Small Companies Fund aims to exploit inefficiencies within the small cap space, which can offer greater growth potential compared to larger companies.

Due to the transition and market movements, we have added to growth assets to bring the Portfolios back to its asset allocation target.

Our exposure to the Australian property market has been removed, given the significant security/concentration risk (Goodman Group) within this sector.

With regards to cash, given a Mercer rating downgrade of the incumbent manager, we have opted for active management as a replacement. The Macquarie Cash Fund aims to provide enhanced cash returns through a more strategic duration management.

Details of the new target allocations of the Portfolios can be found at the end of this document.

*Refers to the Mercer APS CoreSeries Balanced Portfolio, Mercer APS CoreSeries Conservative Portfolio and Mercer APS CoreSeries Growth Portfolio.

Description of Change	Portfolio	Identifier	Fund redeemed	Increased exposure to fund	New exposure
Consolidation of Australian equity managers and introduction of small caps within Growth	Mercer APS CoreSeries Balanced Portfolio	NTH0216	Pendal Focus Australian Share Fund (APIR: RFA0059AU)	RQI Australian Share Value Fund (APIR: FSF0976AU) Platypus Australian Share Fund (APIR: AUS0354AU)	N/A
	Mercer APS CoreSeries Growth Portfolio	NTH0217	Pendal Focus Australian Share Fund (APIR: RFA0059AU)	RQI Australian Share Value Fund (APIR: FSF0976AU) Platypus Australian Share Fund (APIR: AUS0354AU)	Longwave Australian Small Companies Fund (APIR: WHT5141AU)

Description of Change	Portfolio	Identifier	Funds redeemed	Increased exposure to existing fund	New exposure
Reduce the underweight to growth assets in the Conservative and Balanced Portfolios	Mercer APS CoreSeries Conservative Portfolio	NTH0215	Betashares Australian High Interest Cash ETF (ASX: AAA)	Betashares Australia 200 ETF (ASX: A200)	N/A
			Cash Account	Lazard Global Infrastructure Fund (APIR: LAZ1657AU)	
	Mercer APS CoreSeries Balanced Portfolio	NTH0216	Vanguard International Fixed Interest Index (Hedged) ETF (ASX: VACF)	Lazard Global Infrastructure Fund (APIR: LAZ1657AU) Resolution Capital Global Property Securities Fund (APIR: WHT7374AU) Vanguard MSCI Index International Shares (Hedged) ETF(ASX: VGAD) RQI Global Value Fund (APIR: FSF0974AU)	N/A

Description of Change	Portfolio	Identifier	Fund redeemed	Increased exposure to existing fund
Removal of AREITs	Mercer APS CoreSeries Balanced Portfolio	NTH0216	Vanguard Australian Property Securities Index ETF (ASX: VAP)	N/A

Mercer APS CoreSeries Growth Portfolio	NTH0217	Vanguard Australian Property Securities Index ETF (ASX: VAP)	N/A
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Description of Change	Portfolio	Identifier	Funds redeemed	Increased exposure to existing fund	New exposure
Alignment of the Cash Portfolio to Mercer's preferred cash strategy	Mercer APS CoreSeries Conservative Portfolio	NTH0215	Betashares Australian High Interest Cash ETF (ASX: AAA)	N/A	Macquarie Cash Fund (APIR: NML0018AU)

Mercer APS CoreSeries Balanced Portfolio	NTH0216	Betashares Australian High Interest Cash ETF (ASX: AAA)	N/A	Macquarie Cash Fund (APIR: NML0018AU)
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Additional information on the new funds:

Asset Class	New Manager
Australian Equities	Longwave Australian Small Companies Fund The Longwave Australian Small Companies Fund seeks to provide the relevant Portfolios with a quality tilted small cap exposure. The strategy is relatively diversified and combines quantitative portfolio construction with a fundamental, bottom up research approach.
Cash	Macquarie Cash Fund The Macquarie Cash Fund seeks to provide investors with exposure to cash and short-dated securities. The strategy aims for modest levels of return enhancements from bank bill duration management, short term yield curve.

Updated Portfolio target allocations

	Manager	Conservative	Balanced	Growth
Australian Equities	Betashares Australia 200 ETF	8.1%	13.3%	19.8%
	RQI Australian Share Value Fund	-	6.6%	8.8%
	Platypus Australian Share Fund	-	6.5%	9.0%
	Longwave Australian Small Companies Fund	-	-	2.5%
Global Equities	T. Rowe Price Global Equities Fund	-	7.4%	9.3%
	RQI Global Value Fund	-	4.9%	5.6%
	Skerryvore Global Emerging Markets Fund	-	-	2.0%
	Bell Global Emerging Companies Fund	-	-	3.5%
	Vanguard MSCI Index International Shares (Hedged) ETF	3.1%	6.8%	7.9%
	Vanguard MSCI Index International Shares ETF	3.4%	6.9%	9.2%
Real Assets	Lazard Global Infrastructure Fund (Hedged)	3.1%	3.7%	6.0%
	Resolution Capital Global Property Securities Fund	-	3.8%	5.6%
Australian Fixed Interest	Perpetual Diversified Income Fund	8.9%	3.9%	-
	Macquarie True Index Australian Fixed Interest Fund	22.4%	12.0%	3.7%
International Fixed Interest	Vanguard International Fixed Interest Index (Hedged) ETF	16.8%	8.0%	2.9%
	Vanguard International Credit Securities Index ETF	6.7%	3.8%	-
	AB Dynamic Global Fixed Income Fund	16.8%	8.9%	2.5%
Cash	Cash Account	1.0%	1.1%	1.8%
	Macquarie Cash Fund	9.7%	2.5%	0.0%
Total		100.0%	100.0%	100.0%

Is there an impact to fees and costs?

No. There is no material impact to the overall fees and costs of the Portfolios.

We are here to help

Please contact your Mercer Wealth Management representative if you have any questions:

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