

# Market Environment Standard Report

Long Version


Third Quarter 2025

# Market review & outlook

## Economy resilient, equities near all-time highs, bond markets position for lower rates

- 
- Global equity markets posted their second strong quarter in a row, with US and emerging markets equities performing the best. Technology and growth sectors led the charge as appetite for AI names intensified despite ongoing concerns about elevated valuations. Political uncertainty eased somewhat as trade negotiations made progress, and tariffs have not had a major impact on growth and inflation. The One Big Beautiful Bill that was passed early in the quarter buoyed market sentiment further due to its numerous growth-enhancing provisions, most notably tax cuts and deregulations.
  - The 2-year Treasury yield fell by ~12 bps from 3.72% to 3.60% as market priced in upcoming rates cuts, while the 10-year Treasury yield declined 8 bps from 4.24% to 4.16%. Credit spreads tightened during this risk-on quarter. These factors contributed to solid single-digit performance for bonds this quarter. Gold also rose as real rates declined and geopolitical events along with concerns over the federal budget deficit kept demand for safe-haven assets high. Oil prices dropped following OPEC+ announcements of plans for an increase in supply.
  - The Bloomberg US Aggregate Bond Index returned 2.0% in Q3 as falling yields created a tailwind for fixed income. Tightening spreads helped credit, even if default rates ticked up slightly. The MSCI ACWI returned 7.6%. As a result, a traditional 60/40\* portfolio was up 5.4%.

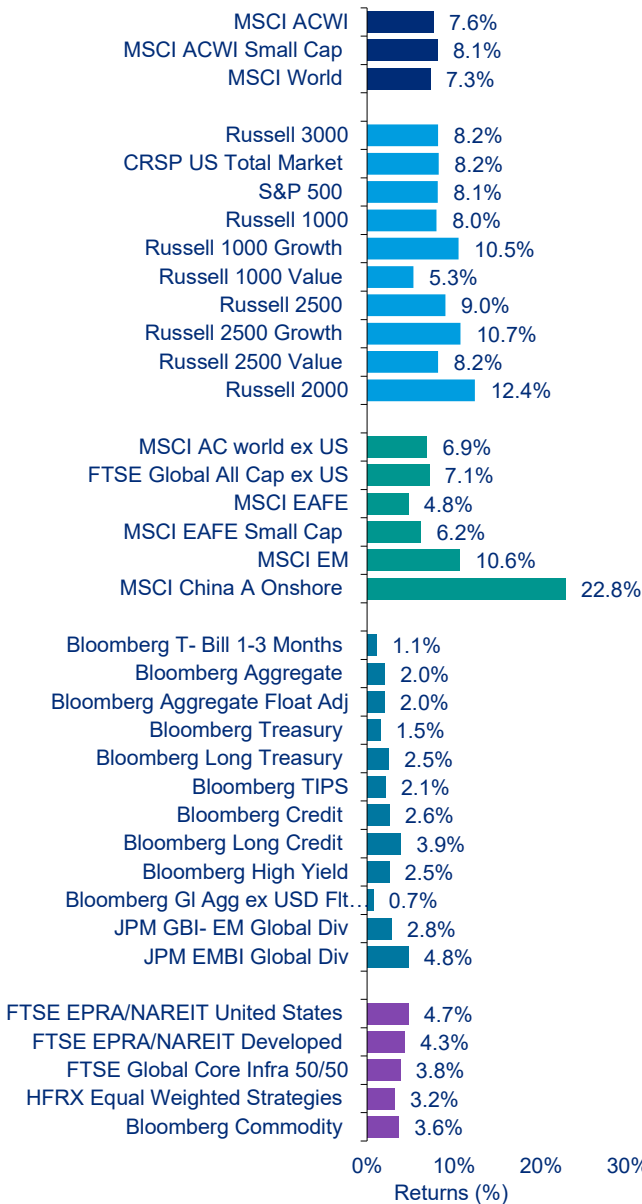
## Trade tensions settling, inflation stubborn, dollar slightly stronger

- 
- The US economy remained remarkably resilient. GDP rose 3.8% in Q2, significantly surprising on the upside. The labor market seemed to be the only soft spot this quarter, which was the main motivation for the Federal Reserve ('Fed') to implement its 'risk management' rate cut in September. It is important to understand declining nonfarm payroll figures in the context of decreasing immigration. Fewer jobs now need to be created to keep the unemployment rate steady, as it did over the quarter. This paints the picture of a strong economy that has defied less optimistic expectations from earlier this year.
  - Trade tensions eased over the quarter as investors and businesses settled into the "new normal" of a 15-20% tariff floor which is high compared to recent history but lower than what was expected right after Liberation Day. The end of the quarter saw additional tariffs on pharmaceuticals and other items. US equity markets shrugged this off and continued to perform well.
  - US headline inflation rose 2.9% year-over-year in August, in line with expectations, but flattening its pace of decline. Unemployment rose marginally to 4.3%, with slowing labor force growth balanced against a slower pace of job creation.
  - On October 1st, the US federal government began a shutdown as Democrats and Republicans failed to reach an agreement on the spending bill. Historically, government shutdown had a limited impact on markets.
  - The Fed cut rates by 25 bps in September and signaled two more 25 bps cuts this year. Central banks in the UK, Japan, Eurozone, and China all held rates steady after a cutting cycle to evaluate growth and inflation going forward. Inflation remains notably above target in some countries such as the UK and Japan. With rates being cut in the US and steady in other developed countries, global monetary policy remains expansionary.
  - Forward-looking GDP growth estimates were revised upward late in the quarter after gloomy predictions from spring did not materialize. Inflation expectations remained stable amid the tug of war between potential impacts of tariffs and falling immigration levels on one hand and slowing job growth amid expectations of weaker economic growth on the other hand.

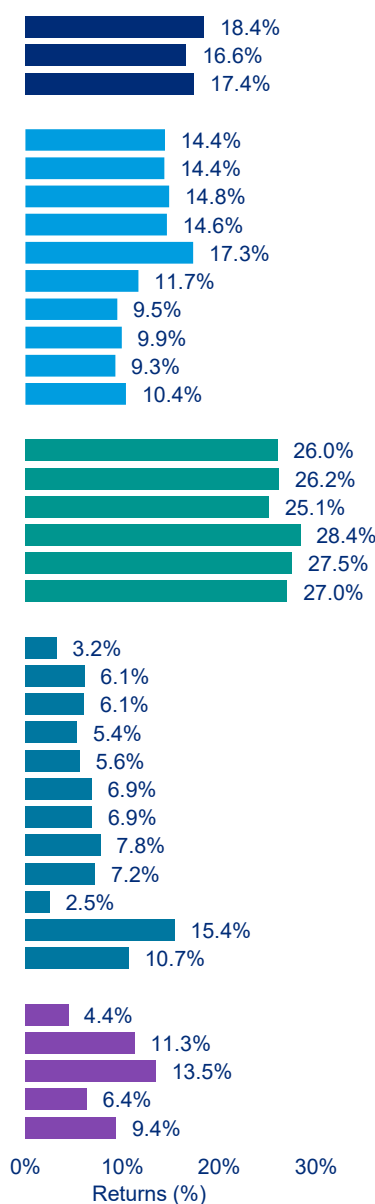
\*60% MSCI ACWI, 40% Bloomberg US Aggregate

# Performance summary

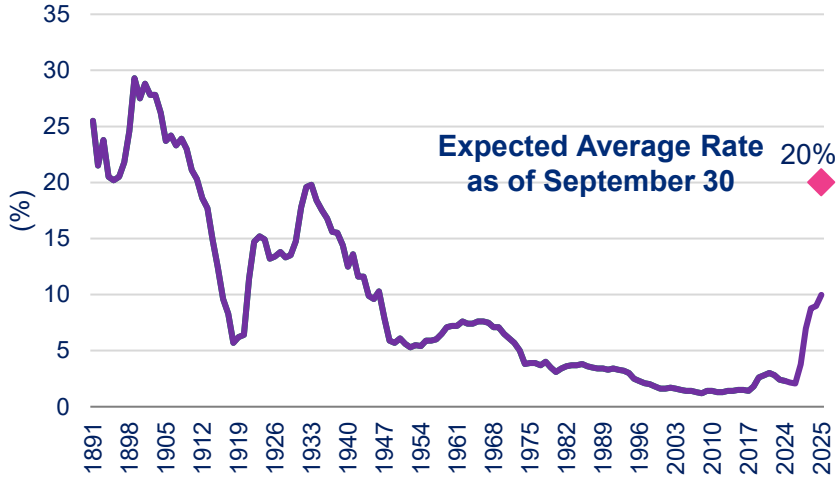
## Market Performance Third Quarter 2025



## Market Performance YTD

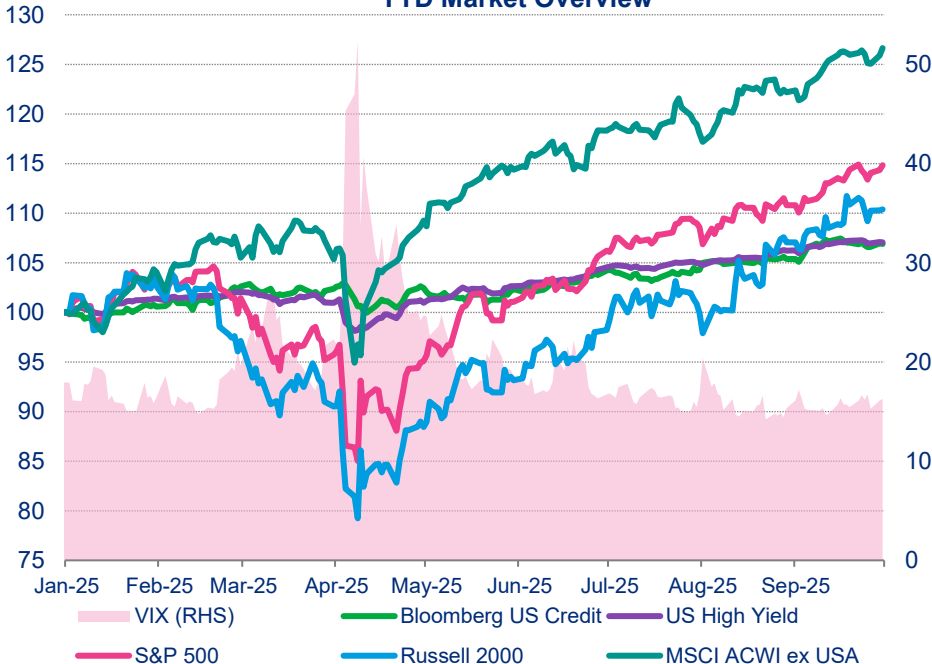


## US average tariff rate on total imports



Source: United States International Trade Commission, MacroBond, Mercer as of September 2025.

## YTD Market Overview



Source: Refinitiv and Bloomberg. Data as at September 30, 2025. MSCI ACWI ex-US, Russell 2000, S&P 500, Bloomberg US Credit and US High Yield indexed to 100 at December 31, 2024.

Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg; as of 09/30/25. Past performance is no guarantee of future results.

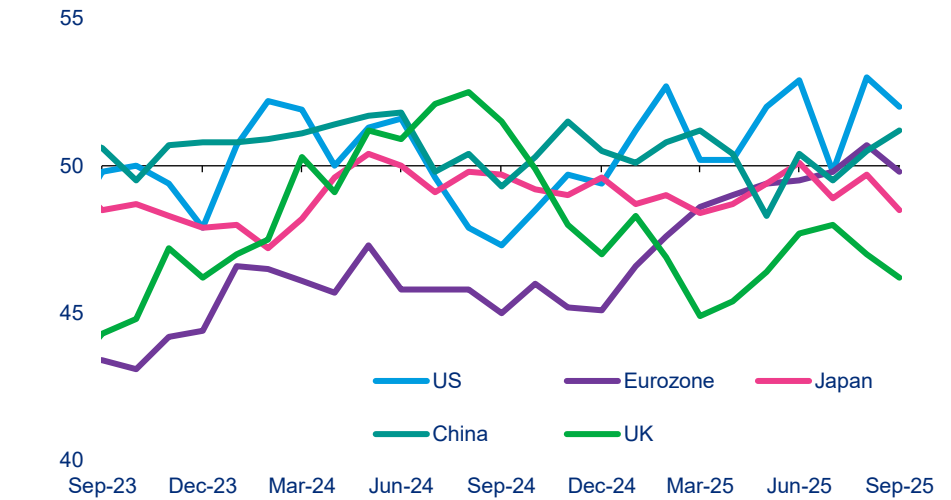


# Economic fundamentals

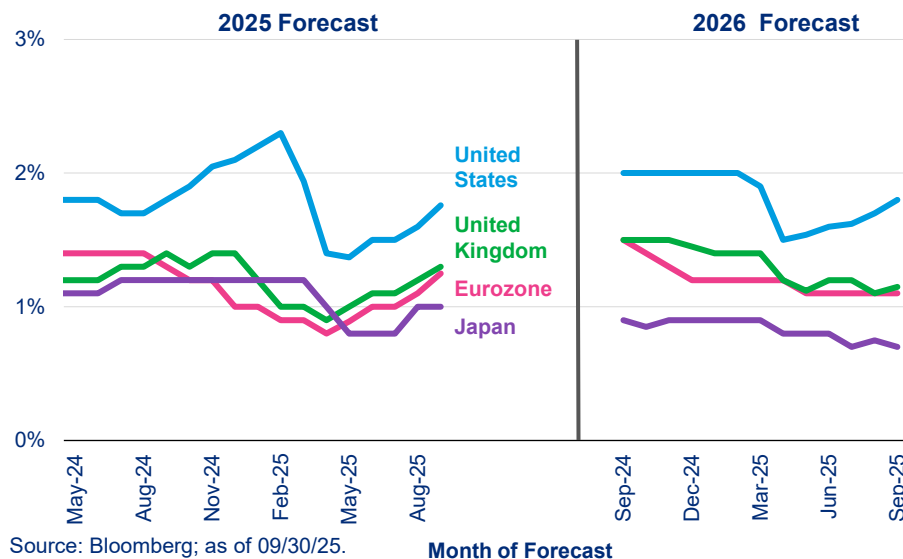
## More resilient than expected

- US economic growth was strong in the second quarter, exceeding expectations. GDP forecasts for 2025 rose everywhere but for Japan.
- Globally manufacturing PMIs decreased, with several regions dropping into contraction. Service PMIs, however, generally increased to offset on an aggregate level. Based on forward-looking PMIs, the global economy looks reasonably strong but not overheating.
- The US labor market showed signs of softening from tight levels with declining nonfarm payroll figures influenced by immigration trends. The unemployment rate (U-3)<sup>1</sup> ended the quarter at 4.3%, slightly up from the end of the prior two quarters, still near record lows while the labor force participation rate remained at 62.3%, just below its pre-Covid trend.

Markit Manufacturing PMIs



Consensus GDP Growth Forecasts



US Employment Statistics



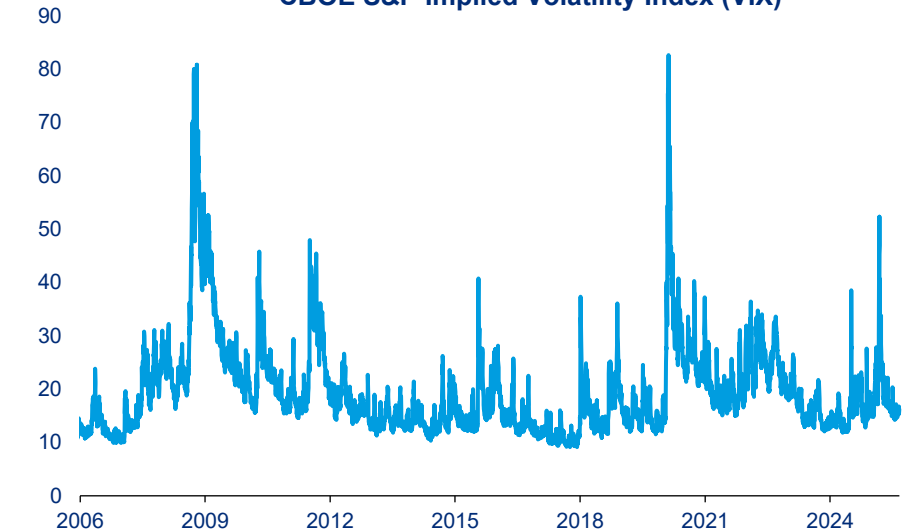
<sup>1</sup> The U-3 unemployment rate represents the percentage of the civilian labor force that is jobless and actively seeking employment.

# Risk factors

## Yields fall across the curve, financial conditions remain easy

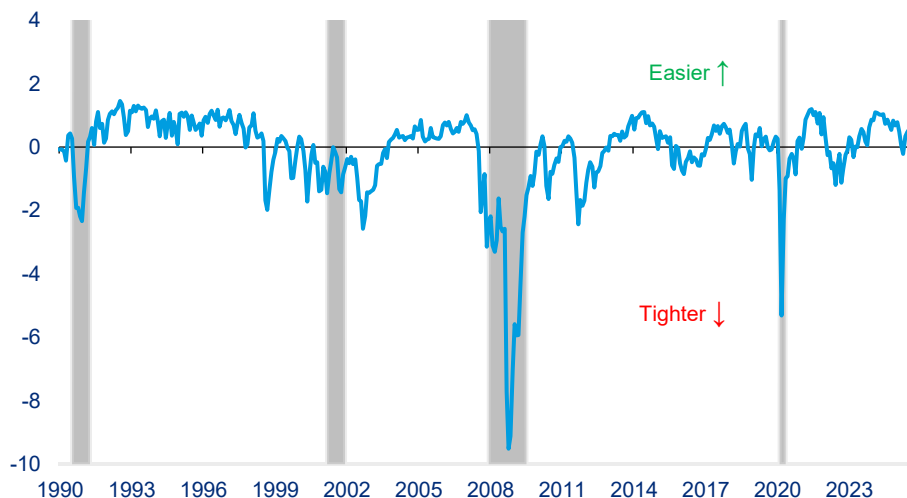
- The yield curve fell along most maturities as markets positioned for a continuation of the cutting cycle in the US that was paused late last year.
- US headline inflation came in at 2.9% in August, while core CPI rose to 3.1%. Inflation expectations as measured by 10-year break-even rates ended the quarter at ~2.4% as tariffs are not expected to have a notable long-term impact.
- Geopolitical events remained abundant with Russia testing NATO air defenses and continued conflict in Ukraine and the Middle East. The impact on markets was limited with oil decreasing over the quarter.
- The CBOE Volatility Index (VIX) decreased from 16.7 to 16.3<sup>1</sup> and is now back near all-time lows.
- The Bloomberg US Financial Conditions Index eased over the quarter as yields and spreads declined.

CBOE S&P Implied Volatility Index (VIX)



Source: Bloomberg; as of 09/30/25.

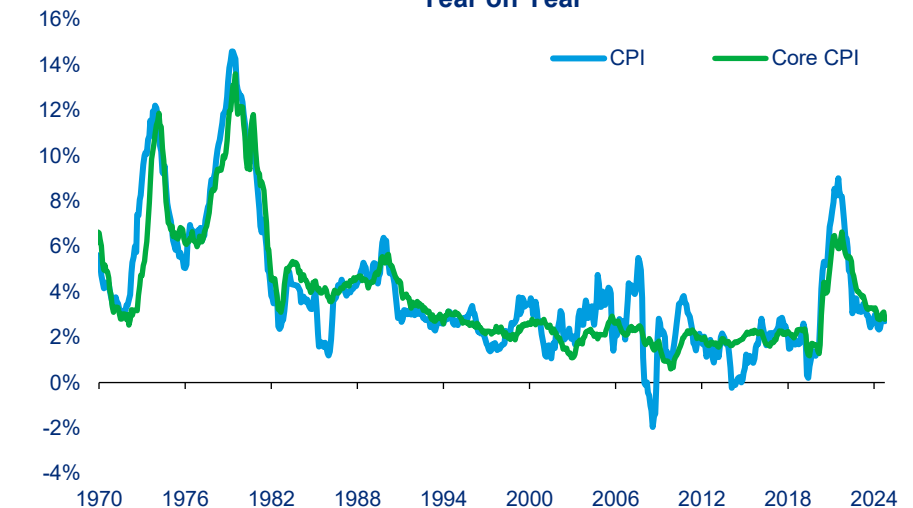
Bloomberg US Financial Conditions Index



Source: Bloomberg; as of 09/30/25.

<sup>1</sup>Source: Refinitiv; as of 09/30/25.

Inflation  
Year on Year



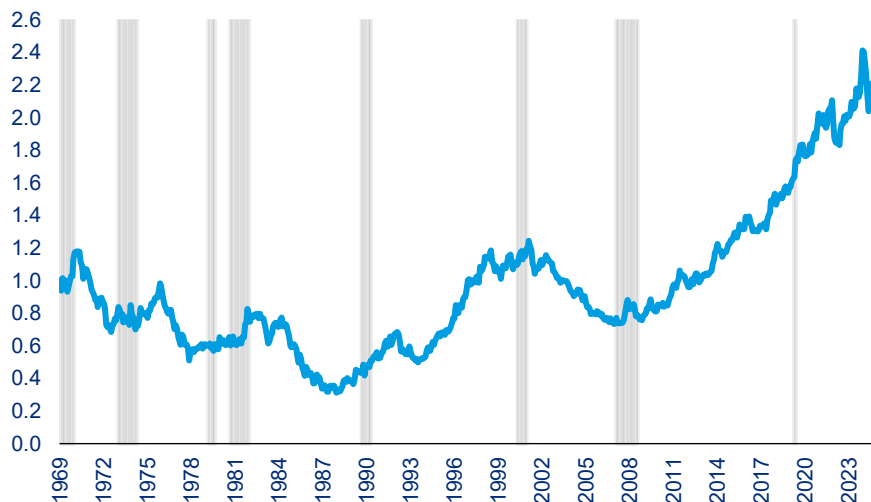
Source: Bloomberg; through to 09/30/25.

# Regional equity returns

## Global equity returns strong amid resilient economy and strong earnings momentum

- Global equities had a strong quarter, returning 7.6%. Performance was positive for all major regions.
- The S&P 500 returned 8.1% as the economy remained resilient, earnings growth and AI momentum were strong. Trade tensions eased with the US announcing several trade framework agreements with major trading partners. The 'One Big Beautiful Bill' legislated major tax cuts and loser business regulations that may have lifted sentiment further.
- International developed stocks returned 4.8% in Q3, despite low growth and the dire fiscal situation in the UK and France at the forefront.
- Emerging markets equities were the strongest performing region this quarter with returns of 10.6% as China saw a significant rebound.

Ratio of MSCI USA (Relative Performance to MSCI EAFE)

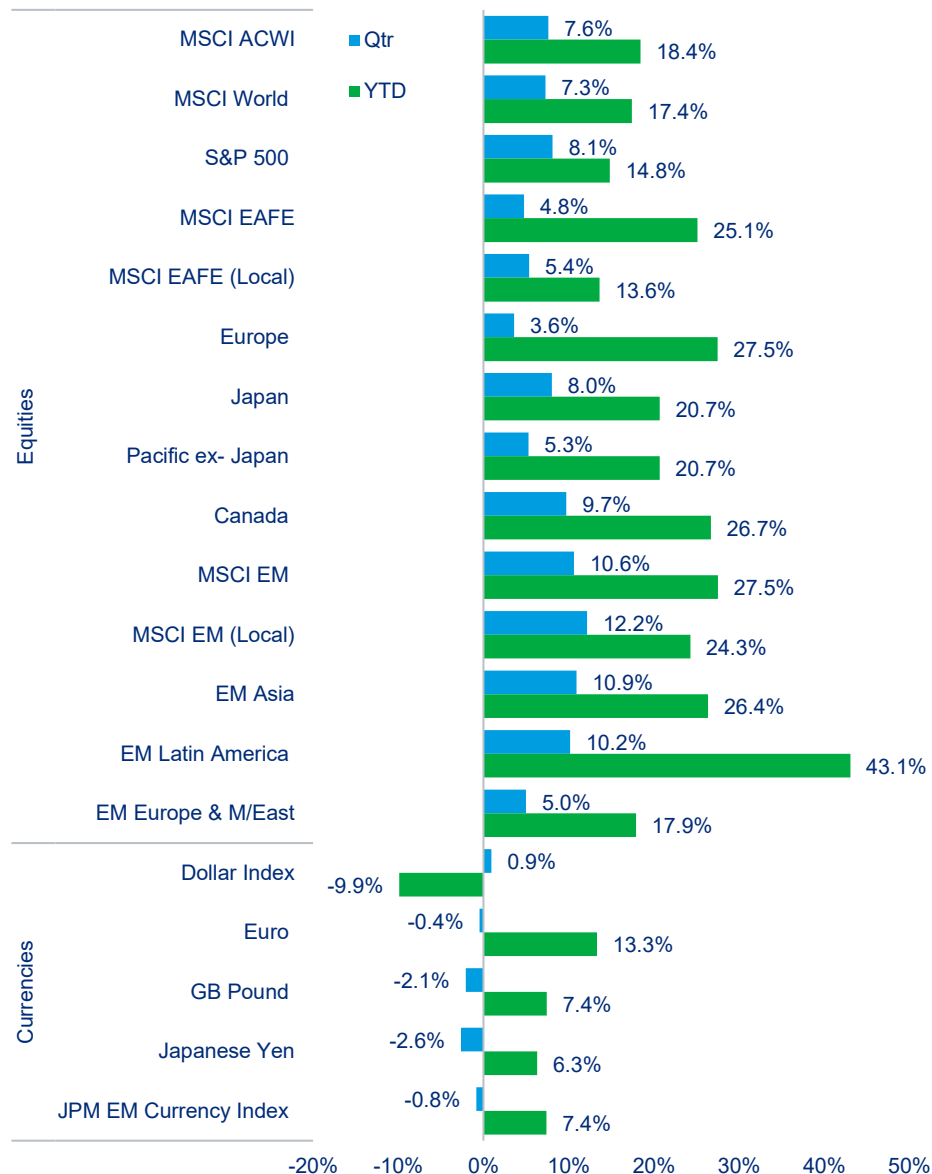


Source: Refinitiv; through to 09/30/25.

Past performance is no guarantee of future results



Global Performance



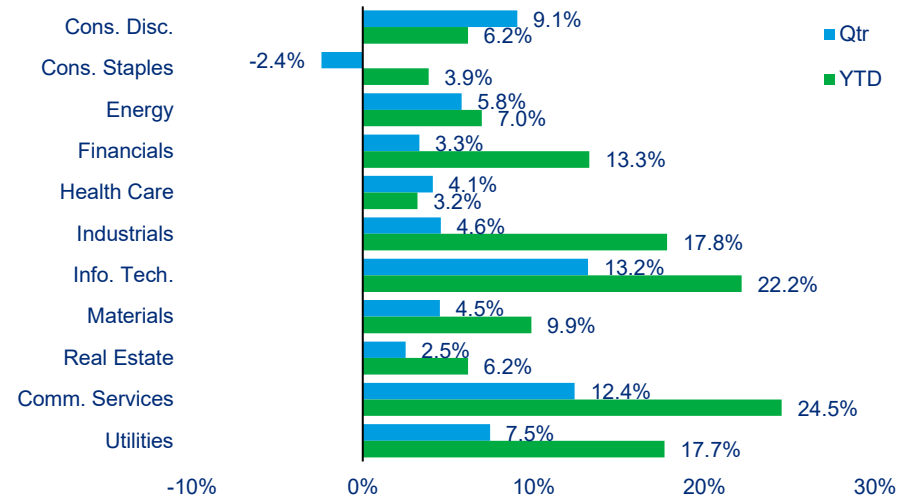
Source: Bloomberg, Refinitiv; as of 09/30/25.

# US equity factor and sector returns

## Growth drives returns this quarter

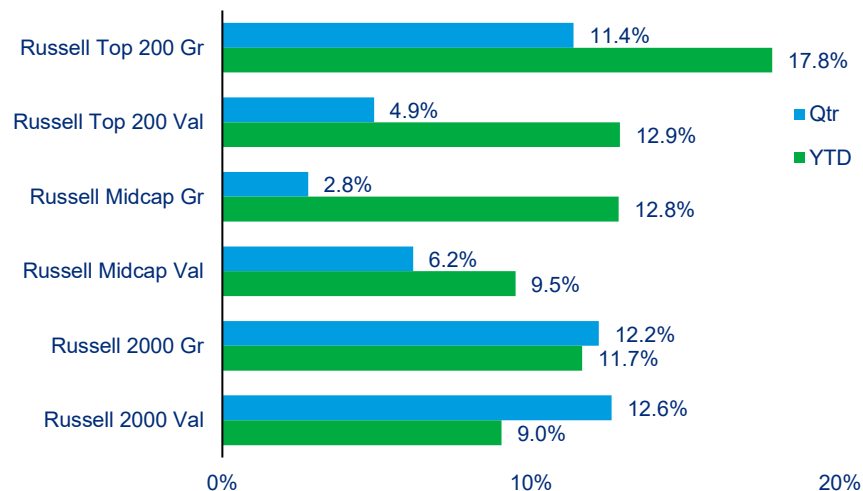
- Broad US equities ended the quarter up as expectations of AI future returns continued to drive markets.
- Relative to the MSCI USA, the growth factor produced the strongest results during the quarter given its tech exposure, while the minimum volatility factor was the weakest. Other than growth, no factor outperformed the MSCI USA index over the quarter.
- The strongest performing sectors for the quarter were traditional growth sectors such as Information Technology, Communication Services and Consumer Discretionary.
- The weaker performing sectors were value sectors such as consumer staples and real estate. Energy held up well despite declining oil prices as OPEC announced supply increases.

MSCI USA Sector Returns



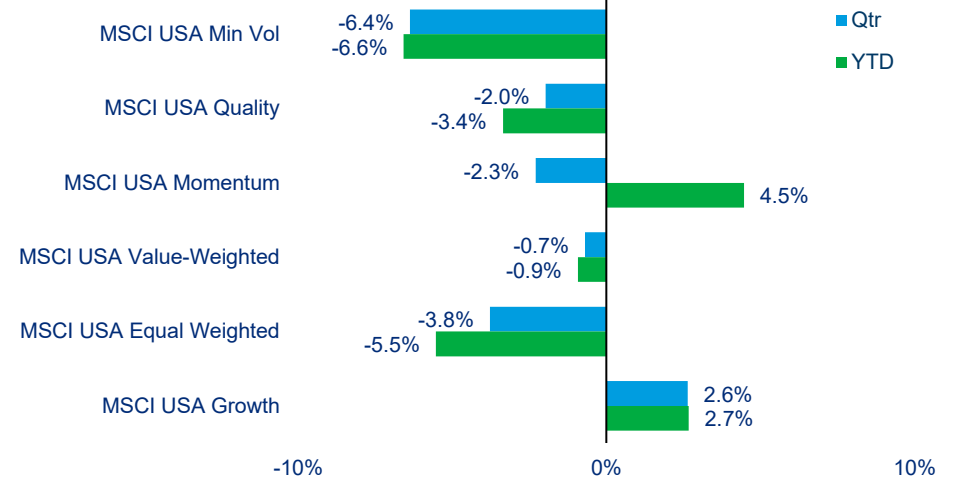
Source: Refinitiv; as of 09/30/25.

US Style Performance



Source: Refinitiv; as of 09/30/25.

Relative Factor Performance  
(Relative to MSCI USA)



Source: Refinitiv; as of 09/30/25.

Past performance is no guarantee of future results



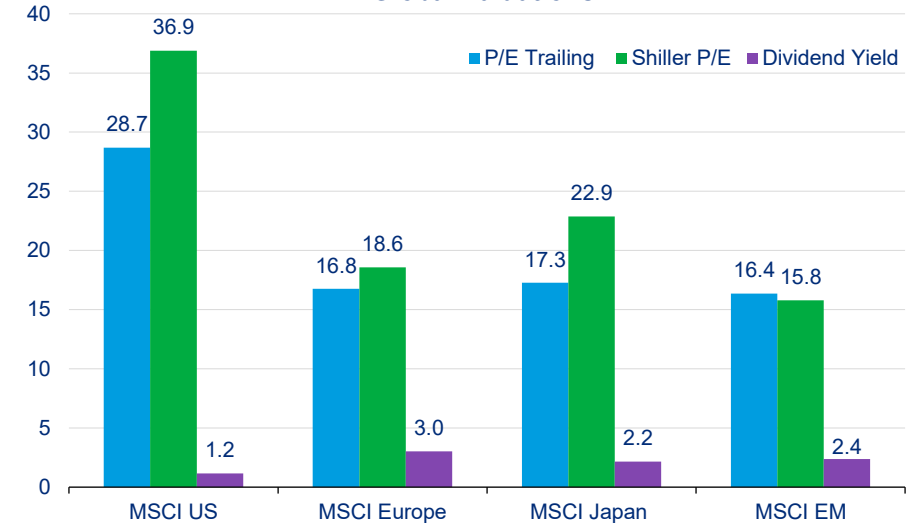


# Equity fundamentals

## US equities valuations rise

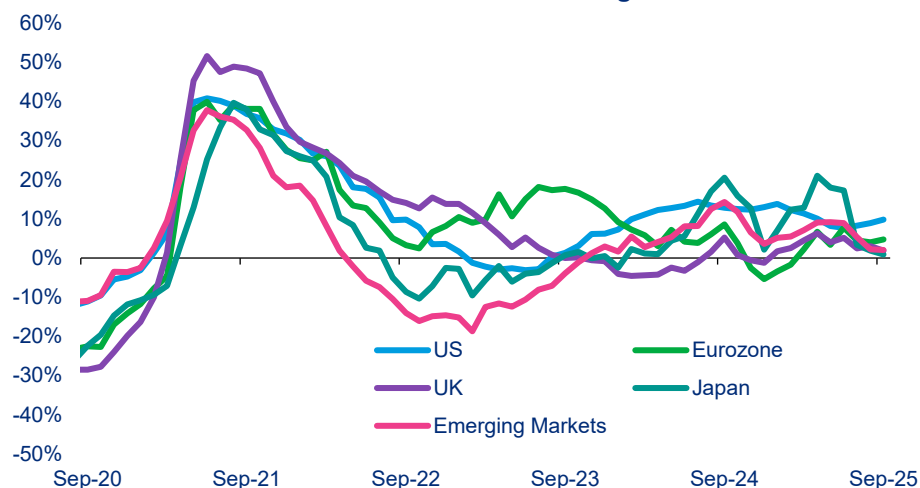
- Positive equity returns and earnings expectations led to less attractive US valuations. Non-US valuations also deteriorated after another solid quarter.
- The trailing P/E ratio on the MSCI US Index rose from 27.5 to 28.7<sup>1</sup>. We estimate that the real equity risk premium over long-term Treasuries decreased by roughly 8 bps<sup>2</sup>.
- International developed stocks have become a bit less attractive but still appear more reasonably valued than US stocks on trailing earnings. Non-US countries' economic and earnings growth estimates remain tight and suggestive of slow growth, but trends of stimulus and increased defense spending may have improved growth prospects in the short term.
- Emerging market valuations continue to appear attractive. After announcing a trade framework in June, trade tensions between the US and China eased further over Q3 with the agreement of pause in reciprocal tariffs for another 90 days, pending negotiations.

Global Valuations



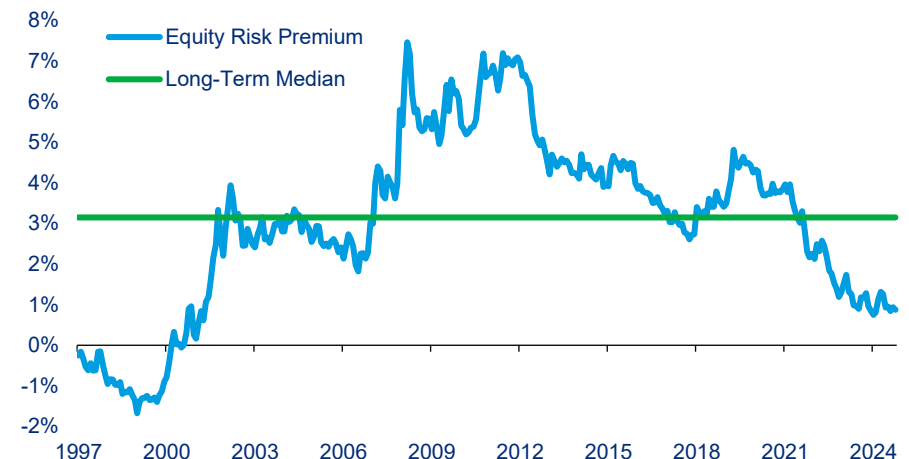
Source: Refinitiv, Bloomberg; as of 09/30/25.

Forward Earnings Estimates  
Year-over-Year Change



Source: Refinitiv, Bloomberg; as of 09/30/25.

S&P 500 – Real Equity Risk Premium Versus Long-Term Treasuries



Source: Bloomberg, Refinitiv, Mercer; as of 09/30/25.

Source: MSCI, Refinitiv, Mercer; as of 09/30/25.

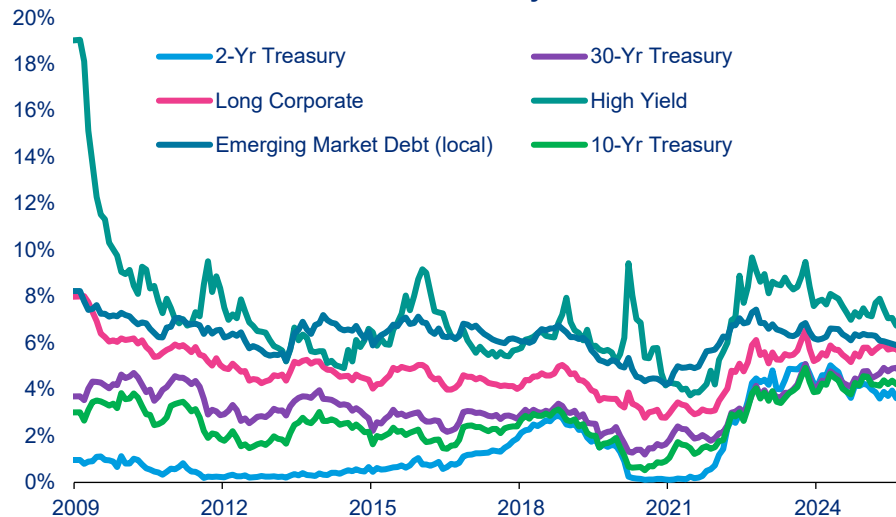


# Interest rates and fixed income

## Positive fixed income performance driven by falling rates, tightening spreads

- The Bloomberg US Aggregate Index returned 2.0% during the quarter. Treasuries returned 1.5%, and credit was up 2.6%. The yield curve shifted lower during the quarter as the Fed cut rates. The 2-year yield fell 12 bps, while the 30-year yield fell 5 bps<sup>1</sup>.
- Spreads on US investment-grade credit fell to ~0.74%, still below the long-term median level<sup>2</sup> and remain extremely tight historically.
- US high yield bonds returned 2.5% during the quarter, as high yield spreads fell 23 bps to 2.7%. US high yield spreads are now ~140 bps below the long-term median level of 4.1%<sup>2</sup>. Local currency EMD returned 2.8% during Q3 with the stronger dollar being a headwind.

Yield History

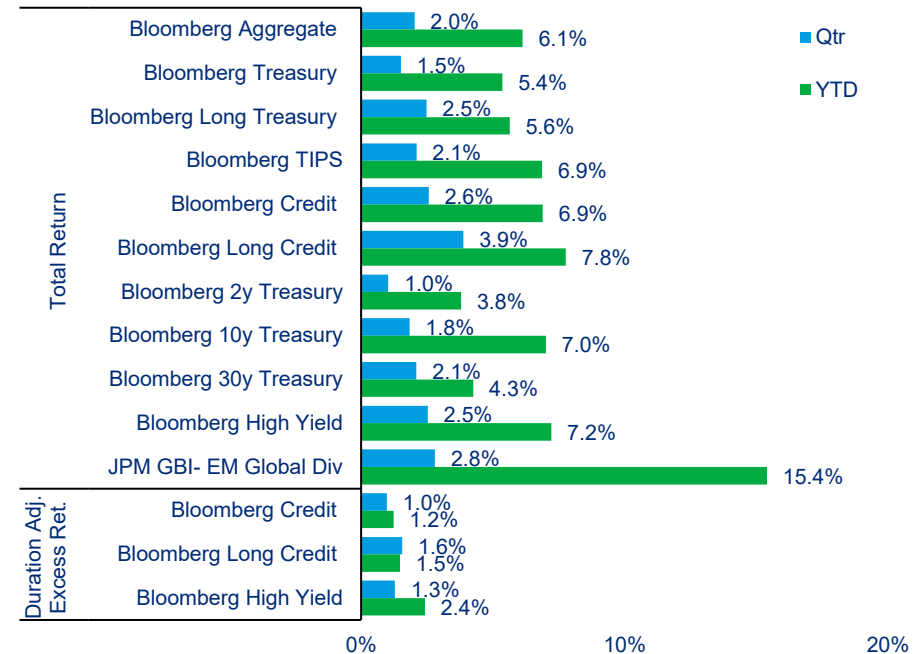


Source: Bloomberg, Federal Reserve; as of 09/30/25.

<sup>1</sup> Source: Federal Reserve; as of 09/30/25

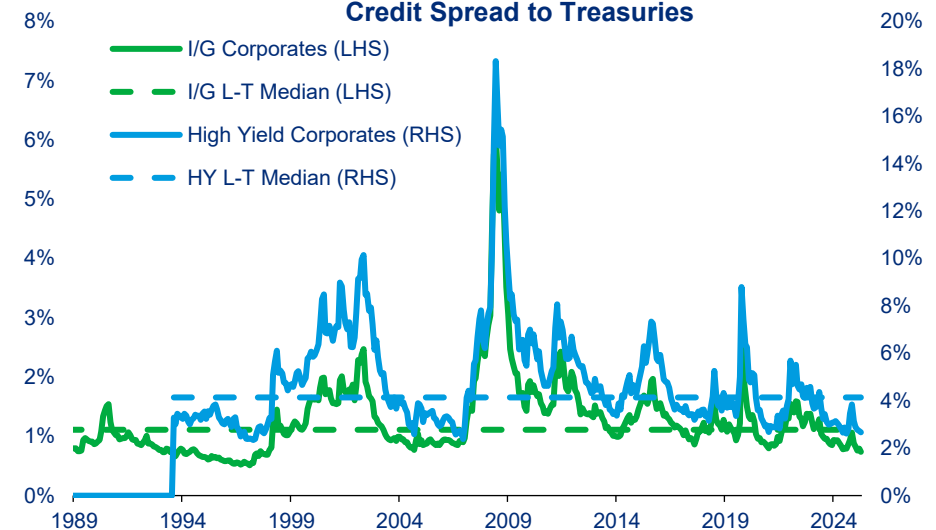
<sup>2</sup> Source: Bloomberg, Mercer; as of 09/30/25

Fixed Income Performance



Source: Bloomberg, Datastream; as of 09/30/25.

Credit Spread to Treasuries

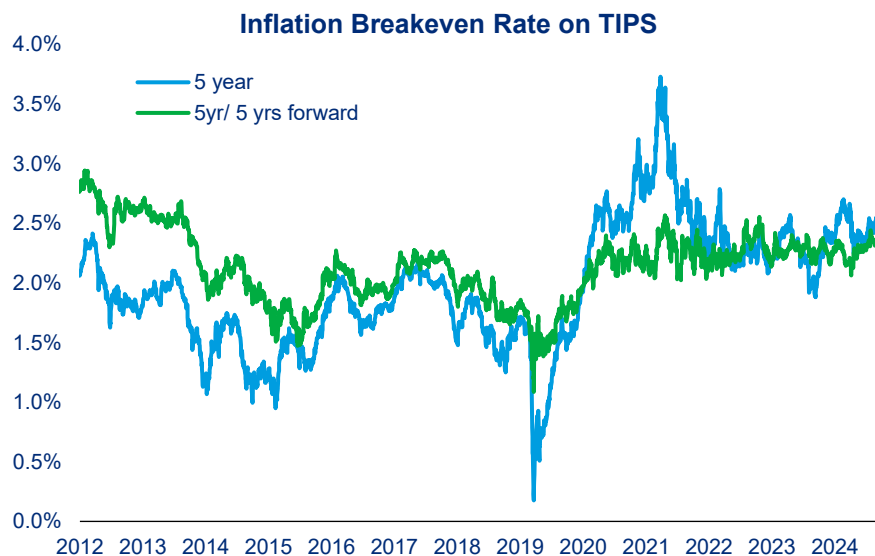


Source: Bloomberg; as of 09/30/25.

# Monetary policy

## Fed cuts amid increased risks to labor market

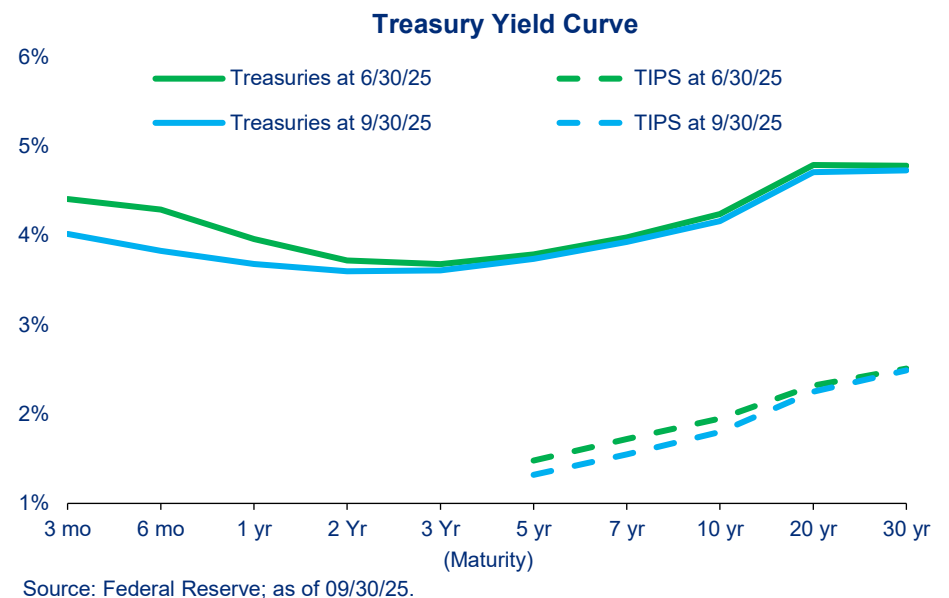
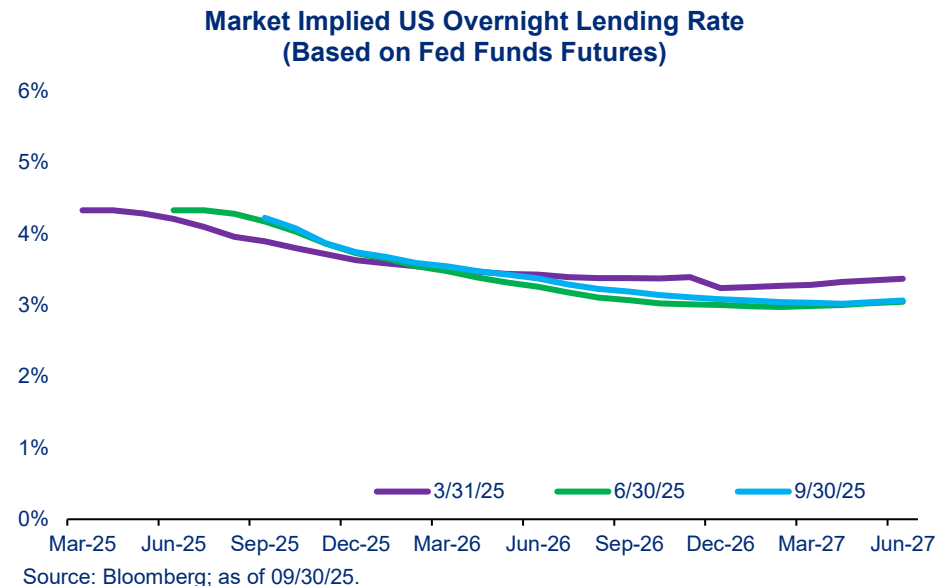
- The Fed cut rates by 25bps in Q3 which was described as a “risk management cut” amid perceived risks of a slowing labor market. The Fed kept its projection for two more cuts in 2025<sup>1</sup>.
- US inflation breakeven rates rose slightly during the quarter, with the 10-year CPI inflation breakeven rate ending at ~2.36%, still close to the Fed’s target of 2.0% PCE (roughly equivalent to 2.3% CPI)<sup>2</sup>.
- Outside of the US, the European Central Bank held rates as inflation remained at target. Bank of England held rates in their September meeting after cutting rates earlier in the quarter. The Bank of Japan held rates steady over Q3. The Swiss central bank kept rates at its lowest level since September 2022<sup>3</sup>.



Source: Bloomberg, Mercer; as of 09/30/25.

<sup>1</sup> Source: FOMC; as of 09/30/25    <sup>2</sup> Source: St. Louis Fed; as of 09/30/25

<sup>3</sup> Source: Swiss National Bank; as of 09/30/25

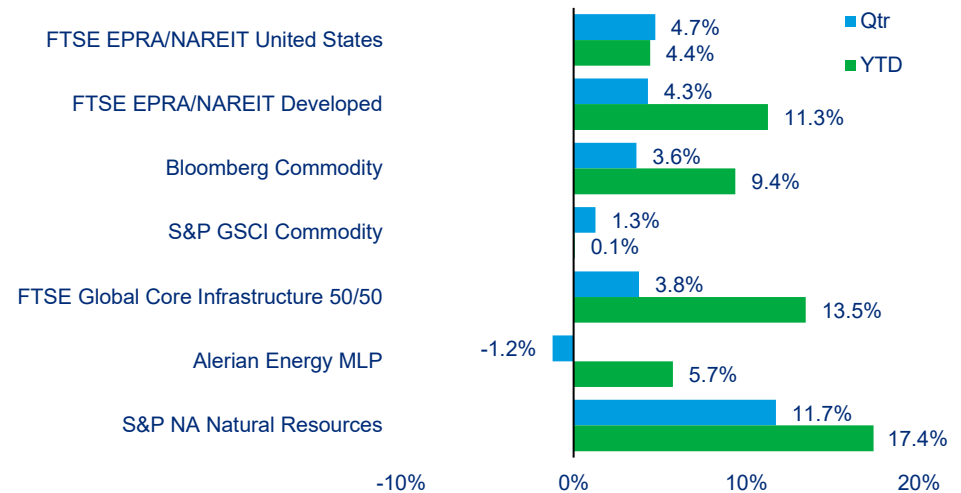


# Alternative investment performance

## REITs & infrastructure underperform broader equities; commodity returns buoyed by gold

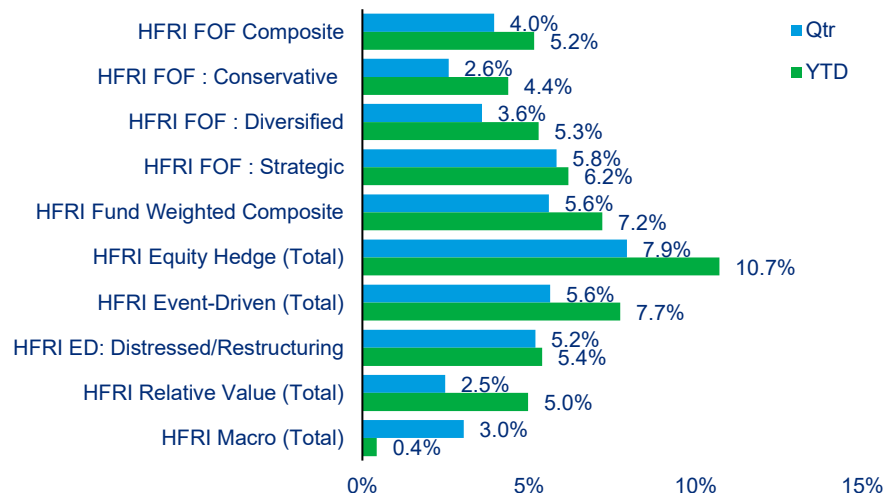
- Global developed REITs returned 4.3% during Q3, underperforming broader equity markets by a wide margin. Core listed infrastructure stocks also had positive returns but also underperformed broad equities. Falling rates this quarter were tailwinds for both sectors in absolute terms, given their higher rate sensitivity.
- Commodities had a mixed performance for the quarter. Decreasing oil prices led to the energy heavy S&P GSCI Commodity index underperforming the more diversified Bloomberg index. Natural resource equity performance, however, was strong. The price of WTI crude oil fell by ~-4.7% and ended the quarter at around \$62. Gold had a very strong quarter returning 16.7%.
- The HFRI FOF Composite Index returned 4.0% through to August<sup>1</sup>.
- Global private equity outperformed global developed stocks over the longer-term trailing periods<sup>2</sup>.

### Real Asset Performance



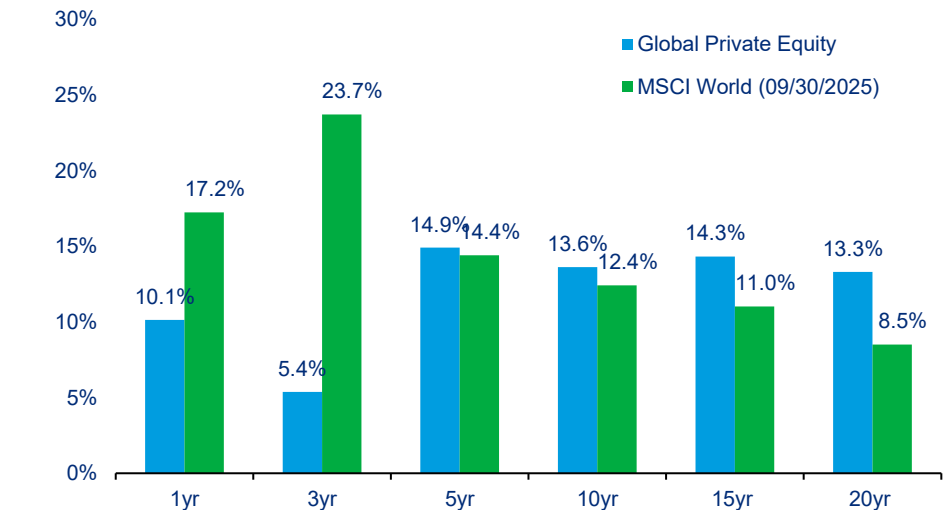
Source: Refinitiv; as of 09/30/25.

### Hedge Fund Performance



Source: Hedge Fund Research; as of 08/31/25.

### Global Private Equity vs. Global Public Equities



Source: Burgiss, Bloomberg; as of 06/30/25.

<sup>1</sup> Source: Hedge Fund Research; as of 08/31/25.

<sup>2</sup> Source: Burgiss, Bloomberg; as of 06/30/25

# Valuations and yields

Ending September 30, 2025

## Valuations

MSCI USA	09/30/2025	06/30/2025	03/31/2025	12/31/2024
Index Level	30851.5	28533.3	25623.1	26834.0
P/E Ratio (Trailing)	28.7	27.5	25.1	27.8
CAPE Ratio	36.9	34.9	32.1	34.4
Dividend Yield	1.2	1.2	1.4	1.3
P/B	5.6	5.3	4.9	5.1
P/CF	24.0	22.1	19.1	21.9
MSCI EAFE	09/30/2025	06/30/2025	03/31/2025	12/31/2024
Index Level	10113.4	9653.2	8636.3	8081.6
P/E Ratio (Trailing)	17.1	16.2	15.3	15.1
CAPE Ratio	19.0	18.5	16.6	15.9
Dividend Yield	2.9	3.0	3.0	3.1
P/B	2.1	2.1	2.0	1.8
P/CF	11.3	12.1	12.9	10.1
MSCI EM	09/30/2025	06/30/2025	03/31/2025	12/31/2024
Index Level	731.9	661.5	590.7	573.9
P/E Ratio (Trailing)	16.4	15.1	15.1	15.4
CAPE Ratio	15.8	14.4	13.0	12.7
Dividend Yield	2.4	2.6	2.7	2.6
P/B	2.1	2.0	1.8	1.7
P/CF	8.2	8.3	7.8	6.6

Source: Bloomberg, Thomson Reuters Datastream

## Yields

Global Bonds	09/30/2025	06/30/2025	03/31/2025	12/31/2024
Germany – 10Y	2.71	2.61	2.74	2.37
France – 10Y	3.53	3.29	3.45	3.20
UK – 10Y	4.70	4.49	4.68	4.57
Switzerland – 10Y	0.22	0.44	0.58	0.33
Italy – 10Y	3.53	3.48	3.87	3.52
Spain – 10Y	3.26	3.24	3.37	3.06
Japan – 10Y	1.65	1.43	1.49	1.10
Euro Corporate	3.09	3.10	3.31	3.18
Euro High Yield	5.66	5.92	6.32	6.03
EMD (\$)	7.08*	7.94*	8.20	8.23
EMD (LCL)	6.66	6.84	7.09	7.12
US Bonds	09/30/2025	06/30/2025	03/31/2025	12/31/2024
3-Month T-Bill	4.02	4.41	4.32	4.37
10Y Treasury	4.16	4.24	4.23	4.58
30Y Treasury	4.73	4.78	4.59	4.78
10Y TIPS	1.80	1.95	1.85	2.24
30Y TIPS	2.49	2.51	2.32	2.48
US Aggregate	4.37	4.51	4.60	4.91
US Treasury	3.94	4.03	4.11	4.45
US Corporate	4.81	4.99	5.15	5.33
US Corporate High Yield	6.70	7.06	7.73	7.49

\*Yield to Worst

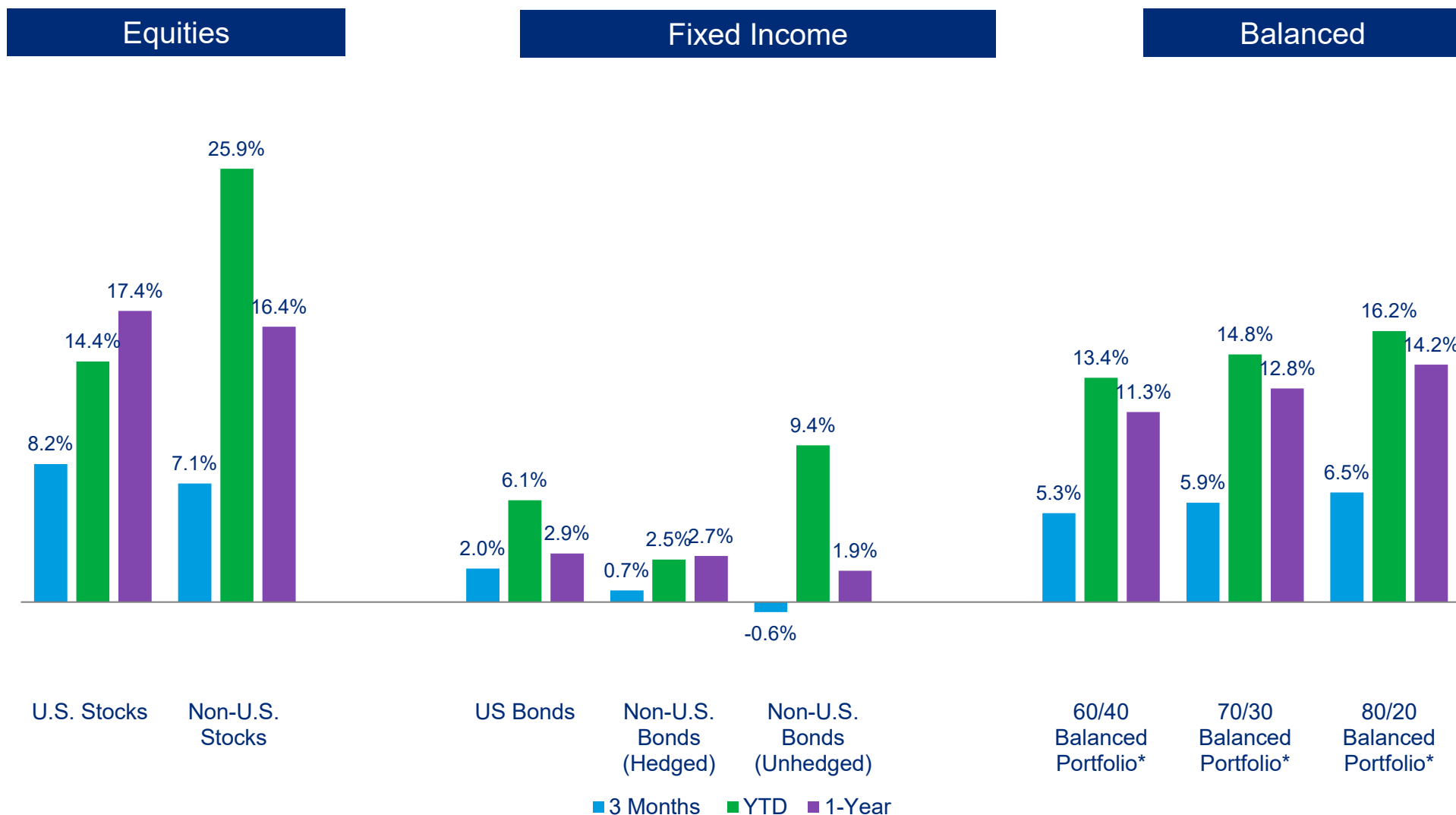
Source: Bloomberg, Thomson Reuters Datastream

# Appendix

1

# Global market returns – overview

Global market returns as of September 30, 2025 (%)



Source: Refinitiv, Bloomberg; as of 09/30/25.

US Stocks (CRSP US Total Market Index), Non-US Stocks (FTSE Global All-Cap ex-US Index), US Bonds (Bloomberg US Aggregate Float Adjusted Index), Non-US Bonds hedged (Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index hedged), Non-US Bonds unhedged (Bloomberg Global Aggregate Index ex-USD).

\*60/40 balanced portfolio Static Composite (36% U.S. stocks, 24% international stocks, and 28% U.S. bonds, 12% international bonds).

\*70/30 balanced portfolio Static Composite (42% U.S. stocks, 28% international stocks, and 21% U.S. bonds, 9% international bonds).

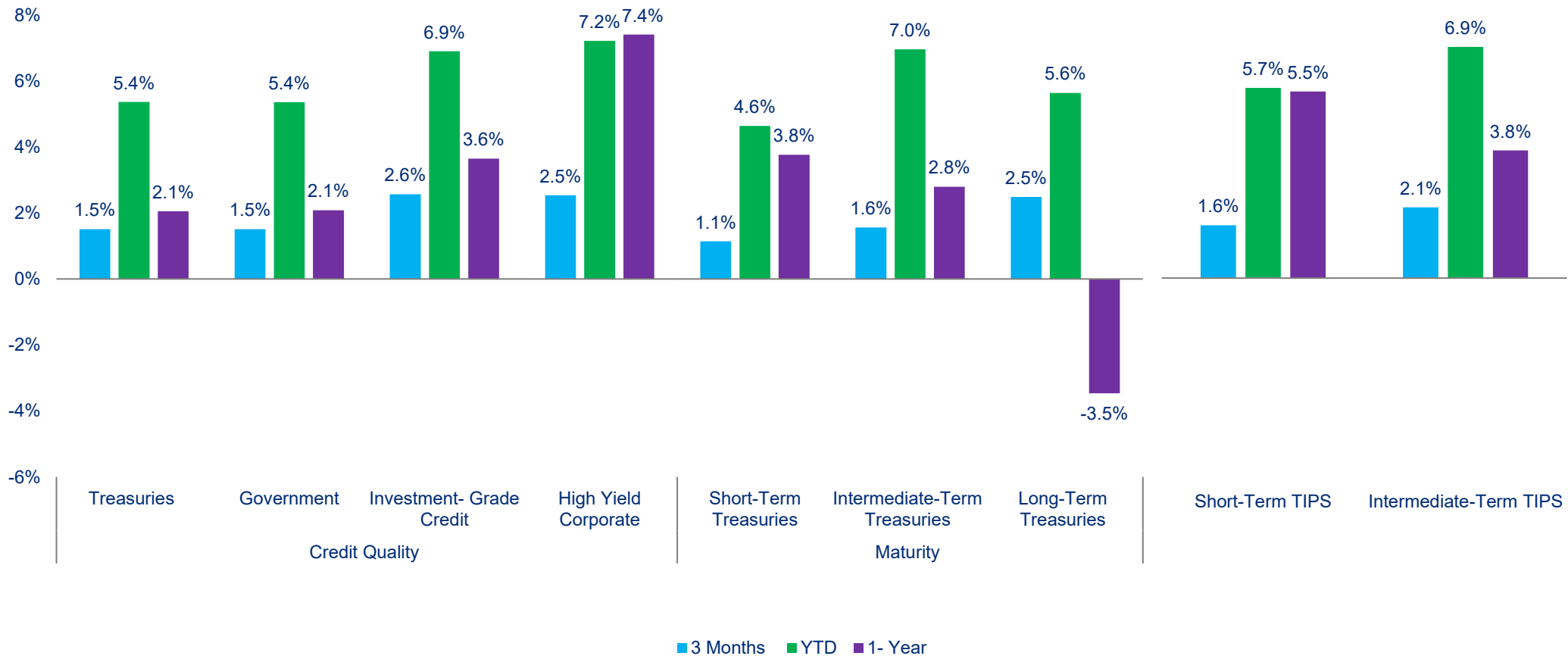
\*80/20 balanced portfolio Static Composite (48% U.S. stocks, 32% international stocks, and 14% U.S. bonds, 6% international bonds).

# Global market returns – fixed income

Global market returns as of September 30, 2025 (%)

## U.S. Fixed Income

## Inflation-Sensitive Fixed Income



Source: Refinitiv, Bloomberg; as of 09/30/25.

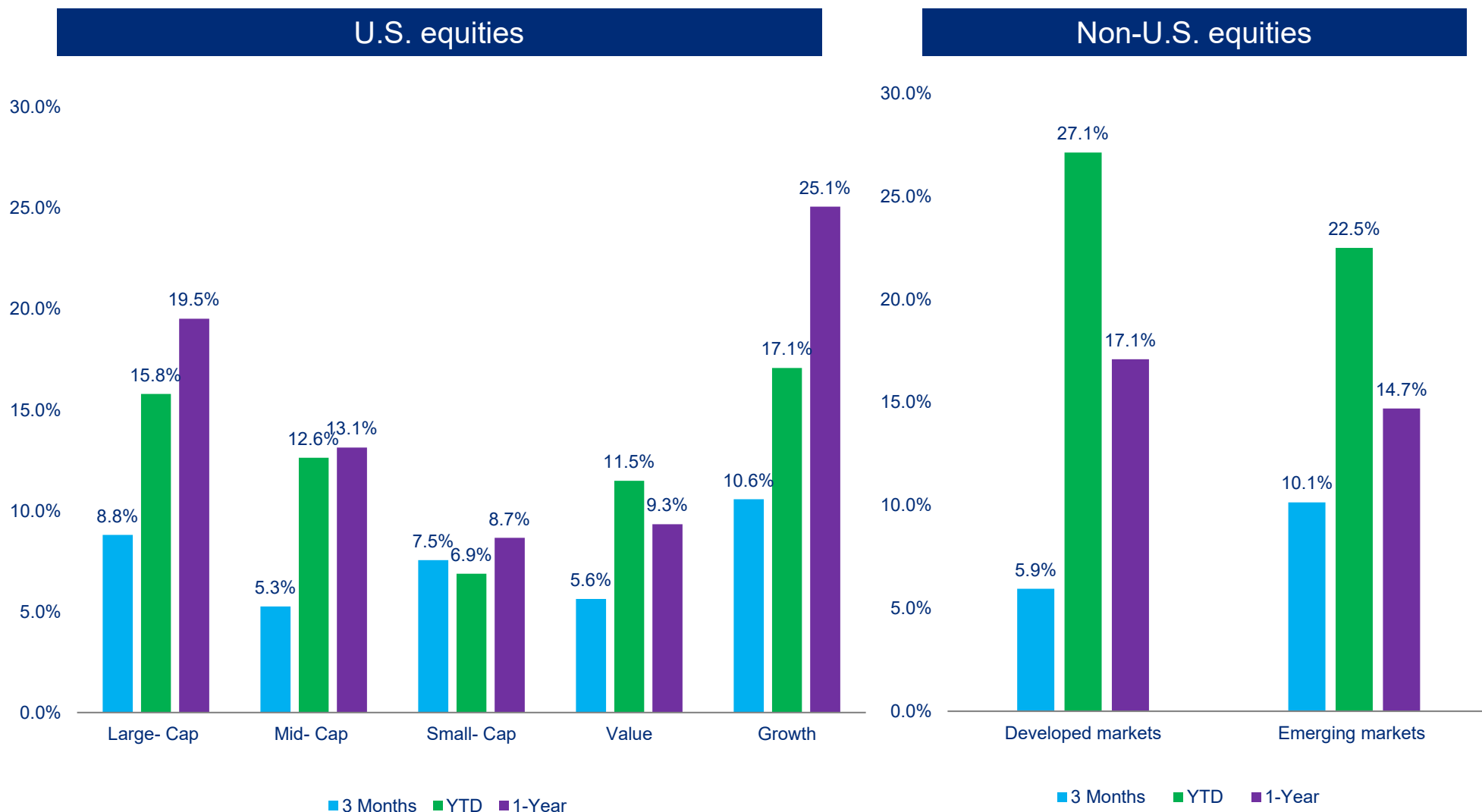
Treasuries (Bloomberg US Treasury Index), Government (Bloomberg US Government Index), Investment-grade credit (Bloomberg US Credit Index), High Yield Corporate (Bloomberg US High Yield Corporate Index), Short Term treasuries (Bloomberg US 1-5yr Treasury Index), Intermediate term treasuries (Bloomberg US 5-10yr Treasury Index), Long term Treasuries (Bloomberg US Long Treasury Index), Short Term TIPS (Bloomberg US Treasury 0-5yr TIPS Index), Intermediate term TIPS (Bloomberg US TIPS Index)

Past performance is no guarantee of future results



# Global market returns – equities

Global market returns as of September 30, 2025 (%)



Source: Refinitiv, Bloomberg; as of 09/30/25.

Large-Cap (CRSP US Mega Cap Index), Mid-Cap (CRSP US Mid Cap Index), Small-Cap (CRSP US Small Cap Index), Value (Russell 3000 Value Index), Growth (Russell 3000 Growth Index), Developed Markets (FTSE Developed All Cap ex US Index), Emerging Markets (FTSE Emerging Markets All Cap China A Inclusion Index)

Past performance is no guarantee of future results

# Periodic table of returns

Global market returns as of June 30, 2025 (%)

Periodic Table of Index Returns

MARKET OVERVIEW		EQUITY		FIXED INCOME		ALTERNATIVES		REAL ASSETS		MARKET INDICES	
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	10-Year Average Return
Private Equity All 10.1%	Small Cap Core Equity 21.3%	Emerging Market Equity 37.3%	Private Equity All 19.2%	Large Cap Core Equity 31.5%	Private Equity All 29.8%	Private Equity All 42.3%	Commodity 16.1%	Large Cap Core Equity 26.3%	Large Cap Core Equity 25.0%	Developed Intl Equity 19.4%	14.4% Private Equity All Burgiss Private iQ All
US REITS 2.8%	High Yield Bonds 17.1%	Developed Intl Equity 25.0%	Treasury Bonds 0.9%	Mid Cap Core Equity 30.5%	Small Cap Core Equity 20.0%	US REITS 41.3%	Hedge - Fund of Funds -5.3%	Global Equity 22.2%	Global Equity 17.5%	Emerging Market Equity 15.3%	13.6% Large Cap Core Equity S&P 500
Large Cap Core Equity 1.4%	Mid Cap Core Equity 13.8%	Global Equity 24.0%	Aggregate Bonds 0.0%	US REITS 28.7%	Large Cap Core Equity 18.4%	Large Cap Core Equity 28.7%	Private Equity All -7.3%	Developed Intl Equity 18.2%	Blended 60/40 16.3%	Emerging Debt Local 12.3%	10.0% Global Equity MSCI ACWI
Blended 60/40 1.3%	Large Cap Core Equity 12.0%	Large Cap Core Equity 21.8%	High Yield Bonds -2.1%	Global Equity 26.6%	Emerging Market Equity 18.3%	Commodity 27.1%	High Yield Bonds -11.2%	Blended 60/40 17.7%	Mid Cap Core Equity 15.3%	Global Equity 10.0%	9.9% Mid Cap Core Equity Russell Midcap
Treasury Bonds 0.8%	Commodity 11.8%	Mid Cap Core Equity 18.5%	Blended 60/40 -2.5%	Small Cap Core Equity 25.5%	Mid Cap Core Equity 17.1%	Mid Cap Core Equity 22.6%	Emerging Debt Local -11.7%	Mid Cap Core Equity 17.2%	Small Cap Core Equity 11.5%	Large Cap Core Equity 6.2%	8.9% Blended 60/40 60% S&P 500/40% Agg
Aggregate Bonds 0.6%	Emerging Market Equity 11.2%	Private Equity All 17.1%	Hedge - Fund of Funds -2.6%	Blended 60/40 23.3%	Global Equity 16.3%	Global Equity 18.5%	Treasury Bonds -12.5%	Small Cap Core Equity 16.9%	Hedge - Fund of Funds 9.4%	Commodity 5.5%	7.1% Small Cap Core Equity Russell 2000
Hedge - Fund of Funds -0.3%	Emerging Debt Local 9.9%	Blended 60/40 15.4%	US REITS -4.0%	Developed Intl Equity 22.0%	Blended 60/40 14.6%	Blended 60/40 15.9%	Aggregate Bonds -13.0%	Private Equity All 15.7%	High Yield Bonds 8.2%	Blended 60/40 5.5%	6.6% US REITS NAREIT Equity REITs
Developed Intl Equity -0.8%	Private Equity All 9.2%	Emerging Debt Local 15.2%	Large Cap Core Equity -4.4%	Emerging Market Equity 18.4%	Treasury Bonds 8.0%	Small Cap Core Equity 14.8%	Developed Intl Equity -14.5%	High Yield Bonds 13.4%	Emerging Market Equity 7.5%	Mid Cap Core Equity 4.8%	6.5% Developed Intl Equity MSCI EAFE
Global Equity -2.4%	Blended 60/40 8.8%	Small Cap Core Equity 14.6%	Emerging Debt Local -6.2%	High Yield Bonds 14.3%	Developed Intl Equity 7.8%	Developed Intl Equity 11.3%	Blended 60/40 -15.8%	Emerging Debt Local 12.7%	Private Equity All 6.8%	High Yield Bonds 4.6%	5.4% High Yield Bonds Bloomberg High Yield
Mid Cap Core Equity -2.4%	US REITS 8.6%	US REITS 8.7%	Mid Cap Core Equity -9.1%	Emerging Debt Local 13.5%	Aggregate Bonds 7.5%	Hedge - Fund of Funds 5.7%	Mid Cap Core Equity -17.3%	US REITS 11.4%	Commodity 5.4%	Aggregate Bonds 4.0%	4.8% Emerging Market Equity MSCI EM
Small Cap Core Equity -4.4%	Global Equity 7.9%	Hedge - Fund of Funds 7.6%	Global Equity -9.4%	Private Equity All 11.5%	High Yield Bonds 7.1%	High Yield Bonds 5.3%	Large Cap Core Equity -18.1%	Emerging Market Equity 9.8%	US REITS 4.9%	Treasury Bonds 3.8%	3.6% Hedge - Funds of Funds HFRI Funds of Funds Composite
High Yield Bonds -4.5%	Aggregate Bonds 2.6%	High Yield Bonds 7.5%	Small Cap Core Equity -11.0%	Aggregate Bonds 8.7%	Hedge - Fund of Funds 6.7%	Aggregate Bonds -1.5%	Global Equity -18.4%	Aggregate Bonds 5.5%	Developed Intl Equity 3.8%	US REITS 1.8%	2.1% Emerging Debt Local JP GBI-EM Global Div. (Local)
Emerging Market Equity -14.9%	Treasury Bonds 1.0%	Aggregate Bonds 3.5%	Commodity -11.2%	Commodity 7.7%	Emerging Debt Local 2.7%	Treasury Bonds -2.3%	Emerging Market Equity -20.1%	Hedge - Fund of Funds 4.4%	Aggregate Bonds 1.3%	Hedge - Fund of Funds 1.0%	2.0% Commodity Bloomberg Commodity
Emerging Debt Local -14.9%	Developed Intl Equity 1.0%	Treasury Bonds 2.3%	Developed Intl Equity -13.8%	Treasury Bonds 6.9%	Commodity -3.1%	Emerging Market Equity -2.5%	Small Cap Core Equity -20.4%	Treasury Bonds 4.1%	Treasury Bonds 0.6%	Small Cap Core Equity -1.8%	1.8% Aggregate Bonds Bloomberg Aggregate
Commodity -24.7%	Hedge - Fund of Funds 0.5%	Commodity 1.7%	Emerging Market Equity -14.6%	Hedge - Fund of Funds 6.2%	US REITS -5.1%	Emerging Debt Local -8.8%	US REITS -24.9%	Commodity -7.9%	Emerging Debt Local -2.4%	Private Equity All N/A	1.2% Treasury Bonds Bloomberg Treasury

Source: Bloomberg, Refinitiv, JP Morgan, Barclays, ICE, Mercer  
Analysis; as of 06/30/25

Past performance is no guarantee of future results

# **Appendix**

## **Index List**

# **2**

# Appendix 1 – Indices used by asset class

Asset Class	Index	Source
Global All Cap Equities	MSCI ACWI Net Total Return Index	Refinitiv
Global Small Cap Equities	MSCI ACWI Small Cap Net Total Return Index	Refinitiv
Global Developed Equity	MSCI World Net Total Return Index	Refinitiv
Defensive Equity	Russell 3000 Total Return Index	Refinitiv
	CRSP US Total Market Total Return Index	Refinitiv
	CRSP US Mega Cap Total Return Index	Bloomberg
US Large Cap	S&P 500 Total Return Index	Refinitiv
	Russell 1000 Total Return Index	Refinitiv
US Large Cap growth	Russell 1000 Growth Total Return Index	Refinitiv
US Large Cap Value	Russell 1000 Value Total Return Index	Refinitiv
US Mid Cap	CRSP US Mid Cap Total Return Index	Refinitiv
US SMID Cap	Russell 2500 Total Return Index	Refinitiv
US SMID Cap Growth	Russell 2500 Growth Total Return Index	Refinitiv
US SMID Value	Russell 2500 Value Total Return Index	Refinitiv
US Small Cap	CRSP US Small Cap Total return Index	Refinitiv
	Russell 2000 Total Return Index	Refinitiv
US Value Equity	Russell 3000 Value Total Return Index	Refinitiv
US Growth Equity	Russell 3000 Growth Total Return Index	Refinitiv
Global ex US Equity	MSCI AC World ex US Net Total Return Index	Refinitiv
	FTSE Global All Cap ex US Total Return Index	Refinitiv
	FTSE Developed All cap ex US Total Return Index	Refinitiv
International Developed Equity	MSCI EAFE Net Total Return Index	Refinitiv

All indices in USD unless otherwise specified

# Appendix 1 – Indices used by asset class

Asset Class	Index	Source
International Developed Equity Small Cap	MSCI EAFE Small Cap Net Total Return Index	Refinitiv
Emerging Markets Equity	MSCI EM Net Total Return Index	Refinitiv
	FTSE Emerging Markets All Cap China A Inclusion Total Return Index	Bloomberg
	MSCI China A Onshore Net Total Return Index	Refinitiv
US Cash	Bloomberg T- Bill 1-3 months Index	Bloomberg
Global Bonds	Bloomberg Aggregate Total Return Index	Refinitiv
US Treasuries	Bloomberg Treasury Total Return Index	Refinitiv
US Government Bonds	US Government Total Return Index	Refinitiv
US Long Treasuries	Bloomberg Long Treasury Total Return Index	Refinitiv
Short Term Treasuries	Bloomberg 1-5yr Treasury Total Return Index	Refinitiv
Intermediate Term Treasuries	Bloomberg 5-10yr Treasury Total Return Index	Refinitiv
Short Term TIPS	Bloomberg 0-5yr US TIPS Total Return Index	Bloomberg
US Inflation Linked Bonds	Bloomberg US TIPS Total Return Index	Refinitiv
US Investment Grade Credit	Bloomberg Credit Total Return Index	Refinitiv
US Long Investment Grade Credit	Bloomberg Long Credit Total Return Index	Refinitiv
US High Yield Bonds	Bloomberg High Yield Total Return Index	Refinitiv
EMD (Local Currency)	JPM GBI-EM Global Diversified Total Return Index	Refinitiv
EMD (Hard Currency)	JPM EMBI Global Diversified Total Return Index	Refinitiv
Global Bonds ex US	Bloomberg Global Aggregate ex USD Float Adjusted RIC Capped Index Hedged	Bloomberg
US REITS	FTSE EPRA/NAREIT United States Total Return Index	Refinitiv
Global Developed REITS	FTSE EPRA/NAREIT Developed Total Return Index	Refinitiv

All indices in USD unless otherwise specified

# Appendix 1 – Indices used by asset class

Asset Class	Index	Source
Infrastructure	FTSE Global Core Infrastructure 50/50 Total Return Index	Refinitiv
Hedge Funds	HFRX Equal Weighted Strategies Total Return Index	Refinitiv
Commodities	Bloomberg Commodity Total Return Index	Refinitiv
Europe Equity	MSCI Europe Net Total Return Index	Refinitiv
Japan Equity	MSCI Japan Net Total Return Index	Refinitiv
Pacific ex Japan	MSCI Pacific ex Japan Net Total Return Index	Refinitiv
Canada	MSCI Canada Net Total Return Index	Refinitiv
Emerging Markets Asia	MSCI EM Asia Net Total Return Index	Refinitiv
Emerging Markets Latin America	MSCI EM Latin America Net Total Return Index	Refinitiv
EM Europe and Middle East	MSCI EM & Middle East Net Total Return Index	Refinitiv
US Dollar	DXY Index	Bloomberg
Euro	EUR Currency Index	Bloomberg
GB Pound	GBP Currency Index	Bloomberg
Japanese Yen	JPY Currency Index	Bloomberg
Emerging Market currency	JPM EM Currency Index	Bloomberg
2-year Treasury	Bloomberg US 2yr Treasury Index	Bloomberg
10-year Treasury	Bloomberg US 10yr Treasury Index	Bloomberg
Long Corporate	Bloomberg US long corporate Index	Bloomberg
Corporate	Bloomberg US corporate Index	Bloomberg

All indices in USD unless otherwise specified

# Appendix 1 – Indices used by asset class

Asset Class	Index	Source
5 year Breakeven	US 5-year breakeven Index	Bloomberg
5year 5 years forward	US Forward 5-year 5years Index	Bloomberg
Energy	Alerian Energy MLP Total Return Index	Refinitiv
Natural Resources	S&P NA Natural resources Total Return Index	Refinitiv
Global Private Equity	Burgiss Private Equity	Burgiss
Hedge Funds Conservative	HFRI FOF conservative Index	Refinitiv
Diversified Hedge Funds	HFRI FOF Diversified Index	Refinitiv
Strategic Hedge Funds	HFRI FOF Strategic Index	Refinitiv
Equity Hedge Funds	HFRI Equity Hedge Index	Refinitiv
Event driven Hedge Funds	HFRI Event Driven Index	Refinitiv
Distressed Hedge Funds	HFRI ED: Distressed/Restructuring Index	Refinitiv
Relative Value Hedge Funds	HFRI Relative Value Index	Refinitiv
Macro Hedge Funds	HFRIC Macro Index	Refinitiv



# Important Notices

References to Mercer shall be construed to include Mercer (US) LLC and/or its associated companies.

© 2025 Mercer (US) LLC. All rights reserved.

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity without Mercer's prior written permission.

Past performance is no guarantee of future results. The value of 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, such as securities issued by small capitalization, foreign, or emerging market issuers, real property, and illiquid, leveraged (including through the use of derivative instruments), or high-yield funds, carry additional risks that should be considered before choosing an investment manager or making an investment decision.

Mercer does not provide tax or legal advice. You should contact your tax advisor, accountant and/or attorney before making any decisions with tax or legal implications.

This does not constitute an offer to purchase or sell any securities.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see [www.mercer.com/conflictsofinterest](http://www.mercer.com/conflictsofinterest).

This does not contain investment advice relating to your particular circumstances. No investment decision should be made based on this information without first obtaining appropriate professional advice and considering your circumstances. Mercer provides recommendations based on the particular client's circumstances, investment objectives and needs. As such, investment results will vary and actual results may differ materially.

Information contained herein may have been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential, or incidental damages) for any error, omission or inaccuracy in the data supplied by any third party.

Investment management and advisory services for U.S. clients are provided by Mercer Investments LLC (Mercer Investments). Mercer Investments LLC is registered to do business as "Mercer Investment Advisers LLC" in the following states: Arizona, California, Florida, Illinois, Kentucky, New Jersey, North Carolina, Oklahoma, Pennsylvania, Texas, and West Virginia; as "Mercer Investments LLC (Delaware)" in Georgia; as "Mercer Investments LLC of Delaware" in Louisiana; and "Mercer Investments LLC, a limited liability company of Delaware" in Oregon. Mercer Investments LLC is a federally registered investment adviser under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Mercer Investments' Form ADV Part 2A & 2B can be obtained by written request directed to: Compliance Department, Mercer Investments, 99 High Street, Boston, MA 02110.

G-816800

[Download a guide on key index definitions](#)