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Mercer Opportunistic Fixed Income Fund

Fund Commentary | Q2 2026

Market Environment

US bonds (as represented by the Bloomberg U.S. Aggregated Index) delivered marginally positive returns in Q2 2026, despite yields rising broadly. Year over year inflation moved up to 4.2%, due to the rising energy costs as the conflict in the Middle East persists. This is the highest year over year inflation rise in more than three years. Despite this rise in inflation, consumer spending continued to show resilience, though this resilience is more pronounced in the higher income consumer bucket. The US federal reserve held interest rates steady throughout the quarter, however post meeting comments from Kevin Warsh, the new Fed chair in June implied the Fed's next move could involve an interest rate hike. Amongst this backdrop, yields moved higher across the board, with shorter term yields rising most in response to the elevated inflation concerns and shifting fed expectations.

Within spread markets, improving geopolitical sentiment, resilient economic data, positive corporate earnings and renewed inflows supported credit markets. A general risk on market sentiment saw spread tightening across the board, though more pronounced in Ba and B portions of the high yield market. Low quality high yield on the other hand, posted a modest loss.

Annualized Performance (%)

As of June 30, 2026

	3 Month	Year-to-Date	1 Year	3 Years	5 Years	10 Years	Inception	Inception Date
Y3 Shares	3.23	2.27	6.95	6.93	2.48	3.69	2.54	08/22/2013
*Custom Benchmark**	*2.99*	*2.21*	*7.33*	*7.85*	*2.74*	*4.12*	*3.28*	
I Shares	3.16	2.02	6.68	6.63	-	-	6.56	06/27/2023
*Custom Benchmark**	*2.99*	*2.21*	*7.33*	*7.85*	-	-	*7.83*	

*The benchmark index shown represents the Fund's performance benchmark index, which is different from the Fund's regulatory benchmark index. The Fund's regulatory benchmark index is the Bloomberg U.S. Aggregate Index and it is included in the Fund's prospectus. Effective May 1, 2025, the performance benchmark consists of 33.3% Bloomberg US Corporate High Yield Index, 33.3% Morningstar LSTA US Leveraged Loan Index, and 33.3% JP Morgan EMBI Global Diversified (USD) Index. Prior to May 1, 2025, the benchmark included different indexes at different weights, reflective of the underlying investable universes over time.

The performance data quoted reflects past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data shown herein. Performance shown is net of fees and assumes the reinvestment of dividend and capital gain distributions. For more information including performance current to the most recent month-end, please call 1-800-346-2510.

Fund Performance

The Mercer Opportunistic Fixed Income Fund outperformed the Custom Benchmark for the quarter. Performance across the six sub advisors in the fund was mixed driven by sector allocation, security selection decisions and curve/duration positioning, in a quarter that saw generally positive fixed income returns from spread tightening and increased risk appetite, as well as a rising rate backdrop.

Wellington outperformed the OFI custom secondary benchmark in Q2, driven primarily by curve/duration positioning and security selection. Overall, Wellington reduced the duration profile of the strategy over the course of the quarter, which benefited performance as rates generally rose over the same period. Allocations to global high yield, convertibles and emerging market debt (corporates and hard currency) were amongst the largest contributors for Wellington over the quarter.

PIMCO outperformed the OFI custom secondary benchmark in Q2, driven primarily by security selection and duration positioning. Tactical exposure to securitized debt, investment grade corporate credit and non-US duration positioning were additive. US duration positioning itself detracted as PIMCO were positioned along the front end and belly of the curve as rates rose over the quarter, though, the position in Colombian rates lead to an overall positive return from curve/duration positioning.

Share Class Information

	Y3	I
Ticker	MOFIX	MOFTX
Gross Expense Ratio	0.68%	0.93%
Net Expense Ratio	0.43%	0.67%

Mercer Investments LLC (the "Advisor") has contractually agreed, until at least July 31, 2027, to waive any portion of its management fee that exceeds the aggregate amount of the subadvisory fees that the Advisor is required to pay to the Fund's subadvisors. Performance would have been lower without these waivers in effect.

Net Expense Ratio as of 3/31/2026 per the latest Annual Financial Statements. Net Expense Ratio includes the impact of fee waivers and excludes certain indirect expenses of underlying investments. A 2.00% redemption fee applies to shares owned less than 30 days.

Class Y-3 shares generally are available only to "Institutional Investors" which include, but are not limited to, "Institutional Accounts" as defined under the rules of the Financial Industry Regulatory Authority, Inc. ("FINRA").

Important Disclosures

The material in this fact sheet is based on information from a variety of sources we consider reliable, but we do not represent that the information is accurate or complete. Errors and omissions can occur. You may have a gain or a loss when you sell your shares of the Fund.

The Mercer Funds are distributed by MGI Funds Distributors, LLC.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a prospectus that contains this and other information, please visit Mercer's website at https://www.mercer.us/what-we-do/wealth-and-investments/delegated-solutions-us.html or call 1-800-346-2510. Please carefully read the prospectus, and if available, summary prospectus, before investing.

Fund Performance *(cont.)*

Ares performance was mixed with respect to the relative assigned benchmark (½ Bloomberg US Corporate High Yield Index, ½ Morningstar LSTA US Leveraged Loan Index) over the quarter. Ares experienced positive impact and a rebound from the previous quarter in BDC equity and CLO equity. CLOs benefitted from healthy formation over the quarter and improving default fundamentals help offset widening loan spreads and ongoing sector dispersion. Performance was driven by allocations to high yield bonds, CLO equity and bank loan debt.

Polen underperformed the relative assigned benchmark (Bloomberg US Corporate High Yield Index) over the quarter. This was driven partly by sector allocation decisions, as Polen is structurally overweight exposure to lower quality high yield debt (CCCs). Performance drag from sector allocation is in line with expectation for Polen in this market context, where higher quality high yield outperformed lower quality C and D rated debt. Security selection was the largest detractor over the quarter, with two positions driving most of the underperformance.

Crescent outperformed the assigned benchmark (Morningstar LSTA US Leveraged Loan Index) for the quarter. Crescent benefited from an underweight position and security selection decisions in software loans, an area which Crescent has been generally underweight. Security selection in consumer finance, hotels, restaurants and leisure was also additive.

Ninety One was a significant outperformer in Q2 2026 versus the J.P. Morgan EMBI Global Diversified Index. The asset class benefitted from easing US-Iran conflict tensions, inflows and increased risk appetite. South African local bonds were the largest contributor to positive performance as Moody's revised the outlook from 'stable' to 'positive.' Hard currency debt in Zambia was also additive, Zambia benefitted from higher copper prices over the quarter, as they are a primary exporter of copper. Elections in Colombia was positive for markets and Ninety One's overweight position in local currency bonds was additive.

Risk Factors

The Fund is subject to the risks associated with the underlying bonds and other fixed income securities including credit, prepayment, call and interest rate risk. As interest rates rise, the value of the Fund can go down and an investor can lose principal. The Fund may invest in foreign securities which may expose the Fund to adverse currency and exchange rate fluctuations, political, social and economic risks. The Fund invests in foreign and emerging market securities which involves certain risks such as currency fluctuations, political and social instability and reduced market liquidity. Investing in emerging markets and especially frontier markets are subject to special risks that are not normally associated with more developed foreign markets. The magnification of risks in frontier markets is the result of potential for extreme price volatility and illiquidity, government ownership or control of parts of private sectors and new or unsettled securities laws in many frontier countries.

The Fund may invest in derivative instruments such as exchange-listed equity futures contracts, swaps and currency forwards which may cause the Fund to experience greater volatility and less liquidity. Derivatives may be more sensitive to changes in market conditions and may amplify the risk of loss for the Fund. The Fund may experience high portfolio turnover which could result in higher transaction costs and capital gains. There can be no assurance that any fund will achieve its objective.

Index Disclosures

The indices listed are not managed and one cannot invest directly in an index.

The Bloomberg U.S. Aggregate Index® is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs, ABS and CMBS (agency and non-agency).

Effective May 1, 2025, the performance benchmark consists of 33.3% Bloomberg US Corporate High Yield Index, 33.3% Morningstar LSTA US Leveraged Loan Index, and 33.3% JP Morgan EMBI Global Diversified (USD) Index. Prior to May 1, 2025, the benchmark included different indexes at different weights, reflective of the underlying investable universes over time. The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The **J.P. Morgan EMBI Global Diversified Index** tracks liquid, US Dollar emerging market fixed and floating-rate debt instruments issued by sovereign and quasi-sovereign entities (quasi-sovereign entities are defined as being 100% guaranteed or 100% owned by the national government).The **Morningstar LSTA US Leveraged Loan Index** is a market-value weighted index designed to measure the performance of the US leveraged loan market.

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Key Terms & Acronyms

ABS – Asset-Backed Securities are financial products created by bundling together loans, such as car loans or credit card debt, which investors can buy to receive any regular payments on those loans.
Basis Point (bp) – One one-hundredth of a percentage point (0.01%, or 0.0001 in decimal), commonly used in finance to express small changes in interest rates, yields, or fees.
BDC – Business Development Companies are investment firms that provide funding to small and growing businesses, offering investors a way to earn any income from those investments.
CDX – The Credit Default Swap Index is a benchmark index used to hedge or speculate on credit risk, encompassing a diverse set of credit default swaps from North American and emerging market companies.
Credit Rating – Credit ratings are assessments by agencies (such as S&P, Moody's, and Fitch) of a bond issuer's ability to repay its debt, intended to help investors gauge credit/default risk. Generally, ratings of BBB- (S&P/Fitch) or Baa3 (Moody's) are considered lower risk, or investment grade, while BB+ or Ba1 and lower are higher risk (sub-investment grade, high yield, or junk).
CLO – Collateralized Loan Obligations are investment products that pool many loans made to companies, allowing investors to earn any income from loan payments while spreading out the risk.
CMBS – Commercial Mortgage-Backed Securities are investment products made by pooling commercial property loans, like those for office buildings or shopping centers, which investors can buy to receive any income from those loan payments.
CPI – Consumer Price Index is a measure that tracks how the prices of everyday goods and services, such as food and clothing, change over time.
Duration – A measure of how sensitive a bond's price is to changes in interest rates.
Investment Grade (IG) – A category of bonds considered to have a relatively lower risk of default, based on ratings from major credit rating agencies. Investment grade typically includes ratings of BBB- / Baa3 or higher.
MBS – Mortgage-Backed Securities are investment products made up of bundles of residential or commercial property loans that investors can buy to earn any income from payments on those loans.
RMBS – Residential Mortgage-Backed Securities are investment products made up of bundles of home loans that investors can buy to earn any income from the mortgage payments homeowners make. These may include Agency RMBS, which include home loans backed by the government, and Non-Agency RMBS, which include home loans that are not.
Spread – The extra yield (interest rate) an investor earns for taking on additional risk compared with a safer benchmark, often U.S. Treasury bonds. When spreads widen, it usually signals investors are demanding more compensation for risk; when they narrow, it can indicate improving risk sentiment.