MARSH

Mercer Short Duration Fixed Income Fund

Fund Commentary| Q3 2026

Annualized Performance (%)

As of September 30, 2026

	3 Month	CYTD	1 Year	3 Year	5 Year	10 Year	Inception*	Inception Date*
Y3 Shares	-0.45	0.53	1.79	-	-	-	4.56	12/01/2023
Bloomberg U.S. Gov/Credit 1-3 Year Index	*-0.18*	*0.59*	*1.75*	-	-	-	*4.05*	
I Shares	-0.51	0.24	-	-	-	-	0.24	01/01/2026
Bloomberg U.S. Gov/Credit 1-3 Year Index	*-0.18*	*0.59*	-	-	-	-	*0.59*	

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. *Inception return is calculated from the first complete month of performance.

Market Environment

Against a backdrop of broadly rising yields, fixed income performance was generally challenged in Q3 2026. U.S. bonds declined in the third quarter as bond yields rose meaningfully across the board, driven by better-than-expected economic growth due to AI related spending and a strong consumer, heightened inflation from rising oil prices and concerns about the growing U.S. fiscal deficit. Correspondingly, the Fed raised short term interest rates for the first time in over three years.

IG credit spreads widened slightly over the quarter, with rising yields mainly responsible for negative performance in this sector. The bifurcation in high yield widened further from last quarter, with lower quality CCC bonds underperforming their higher quality counterparts. Both higher quality and lower quality high yield posted a loss over the quarter.

Leveraged loans were the only positive performing market of the quarter, particularly higher-quality loans, which were protected from rising rates due to their floating rate nature. EMD hard currency underperformed due to rising U.S. Treasury yields, as well as modest spread widening driven by outflows and rising energy costs.

Fund Performance

The Mercer Short Duration Fixed Income Fund underperformed its benchmark, the Bloomberg 1–3-year Gov/Credit Index, for the quarter. At the fund level, the main driver of underperformance was curve and duration positioning as yields moved higher during the quarter.

Aristotle underperformed the benchmark for the quarter, as the portfolio's duration was longer than the index and Treasury yields moved sharply higher during the quarter. The largest headwind came from U.S. government securities and investment-grade corporates, where longer duration hurt relative returns. That weakness was partially offset by positive contributions from ABS, especially investment-grade CLOs and by bank loan exposure and a small cash position, which both helped performance.

Merganser underperformed the benchmark for the quarter, as strong sector allocation and security selection were offset by unfavorable duration positioning. The portfolio benefited from an overweight to ABS and CMBS, while security selection also added value. However, the largest drag came from duration, especially overweight exposure in the 3–4-year part of the curve and underweights in intermediate maturities, which outweighed the gains from shorter-duration positioning.

Voya underperformed the benchmark for the quarter, mainly driven by duration and yield curve positioning, as yields moved higher in the quarter. Sector allocation was mixed, with underperformance driven by allocations to CMOs slightly offset by an allocation to corporate credit and securitized.

Share Class Information

	Y3	I
Ticker	MSDYX	MSDBX
Portfolio Assets	$100.05 Million	Million
Gross Expense Ratio	0.60 %	0.85 %
Net Expense Ratio	0.20 %	0.44 %
Fund Inception	11/30/2023	12/30/2025

Marsh Investments US 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. The Advisor has also contractually agreed, until at least July 31, 2027, to waive fees and/or reimburse Fund expenses to the extent that annual fund operating expenses, net of the management fee waiver, exceed 0.20% for Class Y-3 shares. See the Fund's prospectus for important details. 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 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.

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Allocation of Fund Assets

The Advisor, on behalf of the Fund, has entered into subadvisory agreements with subadvisors to manage allocated portions of the assets of the Fund. Under the subadvisory agreements, each subadvisor is responsible for the day-to-day portfolio management of a distinct portion of the Fund's portfolio, subject to the Advisor's oversight. The Fund's subadvisors are:

- Voya Investment Management Co. LLC
- Aristotle Pacific Capital, LLC
- Merganser Capital Management, LLC

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. Investing in derivatives (such as futures, options or swaps) and high yield bonds (also known as 'junk' bonds) 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. Gov/Credit 1-3 Year Index® is a benchmark index that measures the performance of investment-grade, US dollar-denominated, fixed-rate, taxable corporate and government debt with maturities between 1 and 3 years. It includes both corporate and government bonds that meet the specified criteria.

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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 Points (bps) – 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 (subinvestment 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.