

## Market Environment

U.S. bonds delivered returns of -0.05% in a volatile Q1 as an early-quarter rally gave way in March to a steep selloff after escalating hostilities in the Middle East sent energy and commodity prices sharply higher and reignited inflation concerns. Although the Federal Reserve held the policy rate steady at 3.50–3.75%, markets materially repriced expectations away from anticipated cuts to the possibility of tighter policy later in the year, driving yields higher across the curve. Performance was uneven across sectors, with asset backed and residential mortgage backed securities among the better-performing investment grade sectors while corporate bonds lagged, and overall conditions shifted from late 2025 risk optimism toward a more selective, higher dispersion environment as investors weighed attractive carry against headwinds like elevated Treasury supply, the commodity price impacts of the Iran conflict, durability of AI led investment, and broader fiscal dynamics.

The Treasury curve shifted higher for the quarter in a bear flattener. The 2-year yield finished March at 3.79%, up 32 bps on the year, while the 10-year rose only 12 bps to 4.30%. The 30-year yield went up 4 bps to 4.88%. Spreads were broadly higher to end the quarter with U.S. investment grade corporates widening +11bps and U.S. high yield corporates widening +51bps.

## Annualized Performance (%)

As of March 31, 2026

	3 Month	Year-to-Date	1 Year	3 Years	5 years	Inception*
Y3 Shares	0.33	0.33	4.49	-	-	5.48
Bloomberg U.S. 1-3 Year Gov/Credit Index	0.28	0.28	3.96	-	-	4.81

\*Inception Date: November 30, 2023

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 Short Duration Fund outperformed its benchmark, the Bloomberg 1–3-year Gov/Credit Index for the quarter. At a fund level, the driver of positive excess return was sector allocation within securitized products.

Aristotle outperformed the benchmark by +2bps in Q1'26, driven by sector allocation within ABS led by CLO debt and auto exposures. Allocations to IG corporates were approximately neutral for the quarter. Longer than benchmark duration had a negative impact on quarterly performance as yields moved sharply higher in the 1-7 year range.

Merganser underperformed the benchmark by +20bps in Q1'26, driven by security selection due to positive contributions from CMBS, ABS, and RMBS. Sector allocation was also beneficial from an overweight to ABS and underweight to US treasuries. Yield curve positioning with an overweight to the 0–1-year band also contributed.

Voya outperformed the benchmark by +2bps in Q1'26. Sector allocation contributed to positive performance over the quarter driven by securitized credit allocations. Security selection contributed slightly over the quarter as well. Yield curve decisions were a detractor on the quarter.

## Share Class Information

	Y3
Ticker	MSDYX
Gross Expense Ratio	0.88%
Net Expense Ratio	0.20%

Mercer Investments LLC (the "Advisor") has contractually agreed, until at least July 31, 2026, 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, 2026, 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.

The Gross Expense Ratio is taken from the most recent Annual Financial Statement and represents the total operating expense excluding the impact of these waivers while the Net Expense Ratio includes the impact of these waivers.

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.**

## 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 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.

**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.

**IG** – Investment Grade bonds refer to bonds that are considered low-risk by major credit rating agencies, suggesting a low risk of default.

**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.