MARSH

Mercer US Small/Mid Cap Equity 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	-7.09	9.82	11.71	13.78	6.28	10.09	8.55	09/01/2005
Russell 2500 Index	*-6.37*	*14.90*	*17.45*	*17.74*	*7.46*	*10.81*	*9.33*	
I Shares	-7.18	9.56	11.38	13.51	-	-	11.27	07/01/2023
Russell 2500 Index	*-6.37*	*14.90*	*17.45*	*17.74*	*-*	*-*	*14.53*	

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

The Russell 2500 Index returned -6.4% for the third quarter, underperforming large caps which returned, +2.3%, as measured by the S&P 500 Index. The Russell 2500 Index got off to a slow start, -2.6%, on expectations of a rate hike and a roll off of semi-conductor stocks. The index rebounded a bit in August, +1.1%, as earnings stabilized and growth was rewarded. As the quarter finished, market strength once again softened with an index return of -5.0%. On a style factor basis, value and beta were the strongest drivers for the Russell 2500 Index in the quarter. Higher-quality and more defensive segments were relatively resilient, while more volatile and momentum-driven areas saw sharper reversals. The quarter was supportive of defensive and value-oriented exposures relative to many growth-heavy areas of the market. This created a better backdrop for managers with exposure to energy, select health care businesses and other lower valuation segments, while growth-oriented portfolios faced a more difficult environment. Sector performance moved almost universally as most sectors were down during the quarter, with the exception of energy and health care, which experienced strong absolute performance. Communication services and industrials faced weakness. On a relative basis, the Russell 2500 Value return was -4.4%, while the Russell 2500 Growth Index return was -10.3% in the quarter.

Fund Performance

The Mercer Small/Mid Cap Equity Fund underperformed the Russell 2500 Index for the quarter. Three of the five subadvisors outperformed its style specific benchmark.

The market environment was particularly supportive of the Fund's value managers. The Fund's core allocation, GW&K, a quality manager with a growth bias, underperformed the Russell 2500 Index. Being slightly underweight the outperforming information technology sector was a principal source of weakness. Other contributing factors came from stock selection in the materials and consumer discretionary sector. Selection in health care helped buttress some of the shortfall. The Fund's value allocation outperformed the Russell 2500 Value Index. LSV, a quantitative deep value strategy, was particularly well positioned as book to price and earnings yield were in favor. This was best captured in the model's decision to underweight industrials and own energy. For its part, River Road, a quality value strategy, benefited from positions in the consumer discretionary and industrials sectors. The growth sleeve of the Fund faced mixed results when compared to the Russell 2500 Growth Index. Westfield underperformed as its focus on secular growth companies and growth at a reasonable price (GARP) investment style were a headwind. Being overweight industrials, the worst performing sector in the index, as well as owning positions in a handful of largely AI related names were particularly challenging. Selection was also challenging in the health care sector. In contrast, Loomis's quality growth positioning enabled it to hold up better and beat the Russell 2500 Growth Index. Areas of strength came from its industrials and health care holdings.

Share Class Information

	Y3	I
Ticker	MSCGX	MSCQX
Portfolio Assets	$1,641.7 Million	$6.5 Million
Gross Expense Ratio	0.70 %	0.95 %
Net Expense Ratio	0.47 %	0.71 %
Fund Inception	08/15/2005	06/27/2023

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. 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:

- GW&K Investment Management, LLC
- Loomis, Sayles & Company, L.P.
- LSV Asset Management
- River Road Asset Management, LLC
- Westfield Capital Management Company, L.P.
- Parametric Portfolio Associates LLC

Risk Factors

The Fund employs a "core equity" investment strategy by investing in both growth stocks and value stocks. Growth stocks may be particularly sensitive to market conditions. Investing in value stocks involves the risk that an investment made in undervalued securities may not appreciate in value as anticipated or remain undervalued for long periods of time. Investments made in small and mid-capitalization companies may be more volatile and less liquid due to limited resources or product lines and more sensitive to economic factors. The Fund may invest in derivatives (such as futures, forwards, options or swaps), 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 also invests in Real Estate Investment Trusts (REITs) which may be affected by changes in the value of their underlying properties, changes in tax laws and other economic factors affecting the market. The Fund may experience high portfolio turnover which could result in higher transaction costs and capital gains. There are no guarantees that dividend-paying stocks will continue to pay dividends. 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 Russell 2500 Index measures the performance of the small to mid-cap segment of the US equity universe, commonly referred to as "smid" cap. The Russell 2500™ Growth Index measures the performance of the small to mid-cap growth segment of the US equity universe. It includes those Russell 2500 companies with higher growth earning potential as defined by FTSE Russell's leading style methodology. The Russell 2500™ Value Index measures the performance of the small to mid-cap value segment of the US equity universe. It includes those Russell 2500 companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology. The S&P 500 index gauges large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

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Key Terms & Acronyms

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.
Beta - The Fund's sensitivity to market changes using its benchmark as an approximation of the market, beta greater than 1 is more volatile, beta less than 1 is less volatile.
Bias - A portfolio's tendency to favor certain types of stocks (either unintentionally or by design). For example, a growth bias means it leans more toward growth-style stocks.
Dispersion - How spread out returns are across stocks, sectors, or managers (i.e., the "gap" between winners and losers).
Dividend Yield - The annual dividend per share divided by the current share price, expressed as a percentage, showing the return an investor receives from dividends relative to the stock's price.
Growth - A style of investing focused on companies expected to grow revenues and earnings faster than average.
Momentum (or Price Momentum) - A tendency for stocks that have been rising recently to keep rising (and those falling to keep falling), at least for a period.
Price/Book (P/B) - A financial ratio calculated as current share price divided by book value per share. It compares how the market values a company to the value on the company's books.
Price/Earnings (P/E) - A financial ratio calculated as current share price divided by current earnings per share. Earnings per share is the portion of a company's profit allocated to each outstanding share.
Quality - A style of investing focused on companies viewed as financially strong and well-run, often with characteristics such as consistent profits, strong balance sheets, stable cash flows, and high returns on capital.
Return on Equity (ROE) - A measure of a company's profitability calculated as net income divided by average shareholders' equity, expressed as a percentage, showing how efficiently the firm uses equity capital to generate profits.
Value - A style of investing focused on stocks that appear cheap relative to fundamentals (like earnings, book value, cash flow, or sales).
Volatility - A measure of how much an investment's price varies (moves up and down) over time.