

# Fund update

## Mercer Macquarie NZ Fixed Interest Fund Mercer Investment Funds

### Quarter ending 30 September 2024

This fund update was first made publicly available on: 29 October 2024

### What is the purpose of this update?

This document tells you how the Mercer Macquarie NZ Fixed Interest Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Mercer (N.Z.) Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

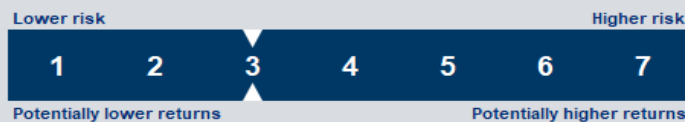
### Description of this fund

The fund is an actively managed portfolio of fixed interest securities. It is a medium risk investment product, focusing predominantly on government bonds and corporate securities in the New Zealand market. Environmental, Social and Governance characteristics are integrated into our investment process. The fund aims to provide a Gross Return<sup>1</sup> above the return of the Bloomberg NZBond Composite 0+ Yr Index on a rolling three-year basis.

|                           |               |
|---------------------------|---------------|
| Total value of the fund   | \$313,005,711 |
| The date the fund started | 5 June 1995   |

### What are the risks of investing?

#### Risk indicator for the Mercer Macquarie NZ Fixed Interest Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-profiler](http://www.sorted.org.nz/tools/investor-profiler)

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 5 years to 30 September 2024. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

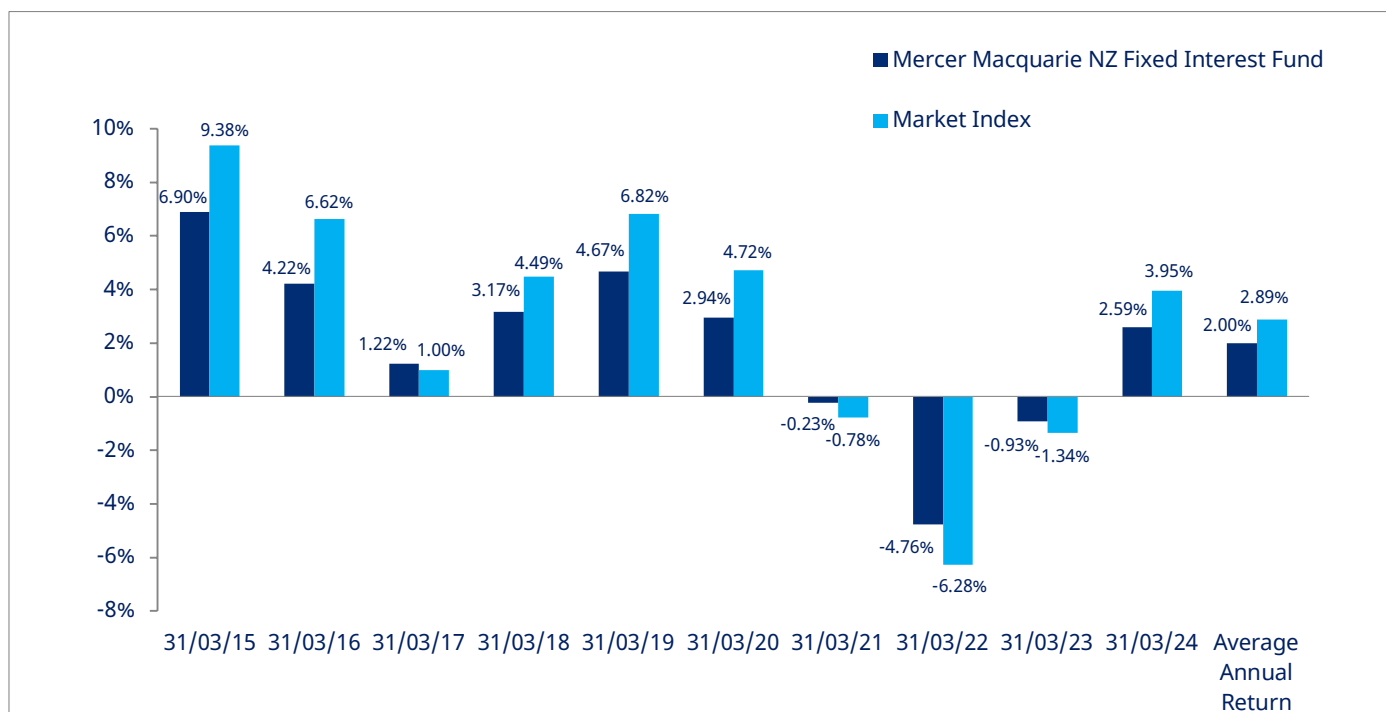
See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

## How has the fund performed?

|   | Average over past 5 years | Past year |
|---|---------------------------|-----------|
| <b>Annual return<sup>2,3</sup></b><br><i>(after deductions for charges and tax)</i>                 | -0.05%                    | 8.14%     |
| <b>Annual return<sup>2</sup></b><br><i>(after deductions for charges but before tax)</i>            | -0.08%                    | 11.46%    |
| <b>Market index annual return<sup>2</sup></b><br><i>(reflects no deduction for charges and tax)</i> | 0.06%                     | 11.29%    |

The market index annual return is based on the Bloomberg NZ Bond Composite 0+ Yr Index. Additional information about the market index is available on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

### Annual Return Graph<sup>4</sup>



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 30 September 2024.

**Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

## What fees are investors charged?

Investors in the Mercer Macquarie NZ Fixed Interest Fund are charged fund charges. In the year to 31 March 2024 these were:

|   | % of net asset value |
|---|----------------------|
| <b>Total fund charges</b>                                   | 0.59%                |
| Which are made up of:                                       |                      |
| <b>Total management and administration charges</b>          | 0.59%                |
| Including:  |                      |
| Manager's basic fee (excluding GST <sup>5</sup> )           | 0.55%                |
| Other management and administration charges (including GST) | 0.04%                |
| <b>Total performance based fees</b>                         | 0.00%                |

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for the Mercer Cash and Fixed Interest Funds at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information about those fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

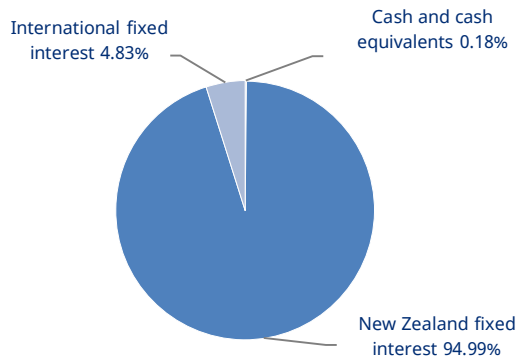
### Example of how this applies to an investor

Ben had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Ben received a return after fund charges were deducted of \$814.00 (that is 8.14% of his initial \$10,000). Ben also paid \$0.00 in other charges. This gives Ben a total return after tax of \$814.00 for the year.

## What does the fund invest in?

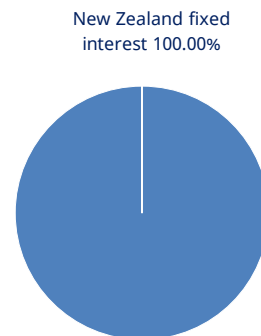
### Actual investment mix<sup>6</sup>

This shows the types of assets that the fund invests in.



### Target investment mix

This shows the mix of assets that the fund generally intends to invest in.



### Top 10 Investments<sup>7</sup>

| Name  | % of fund net assets | Type                       | Country     | Credit rating (if available) |
|---|----------------------|----------------------------|-------------|------------------------------|
| <sup>1</sup> New Zealand Government Bond 3.00% maturing 20/04/29  | 7.23%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>2</sup> New Zealand Government Bond 3.50% maturing 14/04/33  | 6.61%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>3</sup> New Zealand Government Bond 4.50% maturing 15/04/27  | 5.72%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>4</sup> New Zealand Government Bond 1.50% maturing 15/05/31  | 5.68%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>5</sup> New Zealand Government Bond 2.00% maturing 15/05/32  | 5.35%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>6</sup> New Zealand Government Bond 4.25% maturing 15/05/34  | 4.54%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>7</sup> New Zealand Government Bond 0.25% maturing 15/05/28  | 4.34%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>8</sup> New Zealand Government Bond 2.75% maturing 15/04/37  | 2.85%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>9</sup> New Zealand Government Bond 4.25% maturing 15/05/36  | 2.82%                | New Zealand fixed interest | New Zealand | AAA                          |
| <sup>10</sup> New Zealand Government Bond 4.50% maturing 15/05/30 | 2.81%                | New Zealand fixed interest | New Zealand | AAA                          |

The top 10 investments make up 47.95% of the fund.

### Currency management

The fund targets a position of being fully hedged to the New Zealand dollar. See the Statement of Investment Policy and Objectives on the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information about currency management.

Hedging coverage, on a net of tax basis, for the Fund's exposure to foreign currency as at 30 September 2024 was 99.79%.

## Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund.

| Name             | Current Position  | Time in current position | Previous/other position   | Time in previous/other position |
|------------------|---|--------------------------|---|---------------------------------|
| Ross Butler      | Chair - Mercer (N.Z.) Ltd                                     | 1 year<br>5 months       | Director - Mercer Investments (Australia) Limited                               | 10 years<br>4 months            |
| Martin Lewington | CEO - Mercer (N.Z.) Ltd                                       | 15 years<br>7 months     | Head of Investments - Mercer (N.Z.) Ltd   | 3 years<br>8 months             |
| Kylie Willment   | Chief Investment Officer, Pacific, Mercer Australia (Pty) Ltd | 6 years<br>11 months     | Senior Manager, Investment & Client Strategy - TCorp (NSW Treasury Corporation) | 17 years<br>0 months            |
| Padraig Brown    | Chief Investment Officer - New Zealand, Mercer (N.Z.) Ltd     | 2 years<br>4 months      | Head of Real Estate Investment Management, Mercer Australia (Pty) Ltd           | 11 years<br>2 months            |
| Robert Kavanagh  | Head of Portfolio Management NZ - Mercer (N.Z.) Ltd           | 10 years<br>6 months     | Vice President - Account Management, PIMCO Australia Pty Limited                | 7 years<br>0 months             |

## Further information

You can also obtain this information, the PDS for the Mercer Cash and Fixed Interest Funds and some additional information from the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## Notes

1. Gross Return is the return before the deduction of tax, expenses and fees and assumes all income is reinvested.
2. These returns are for the periods ending 30 September 2024.
3. Net of tax returns can be more than gross of tax returns where, due to the fund's tax position, it receives a tax rebate rather than paying tax.
4. The bar graph shows fund returns after the deduction of fees and tax, however, the market index returns are shown before any fees or tax are deducted.
5. GST is currently charged at 15% on 10% of the management fee in accordance with the non-binding IRD agreement with the Financial Services Council of New Zealand Incorporated on behalf of the funds management industry. GST on management fees is currently under review and therefore this percentage may change in the future.
6. For the reporting of the types of assets under Actual investment mix, foreign exchange hedging positions have been assigned to the asset class to which they relate.
7. The Top 10 investments have been calculated excluding operational cash and derivatives.

Other than Macquarie Bank Limited (MBL), none of the entities noted in this document are authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. Any investments are subject to investment risk including possible delays in repayment and loss of income and principal invested. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise.