

HEALTH WEALTH CAREER

# MERCER HIGHLY RATED FUNDS LIST

AVIVA – MY MONEY

OCTOBER 2017



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This document provides you with a list of funds within the self select offering provided by Aviva, which Mercer “rates highly”. Mercer are the consultancy firm that helped your employer set up your pension arrangements.

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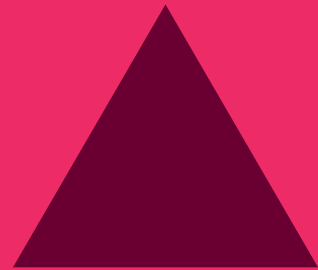
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# MERCER MANAGER RESEARCH RATINGS



# MERCER MANAGER RESEARCH RATINGS

## WHAT DO THEY SIGNIFY THEY?

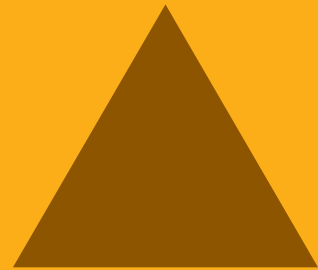
Mercer's rating signifies Mercer's opinion of a strategy's prospects for outperforming a suitable benchmark over a time frame appropriate for the particular strategy.

Examples of some of the factors we take into account in deriving ratings:

- Mercer's confidence in the manager's ability to generate value-adding ideas.
- Mercer's view on any specified outperformance target.
- The opportunities available in the relevant market(s) to achieve outperformance.
- An assessment of the risks taken to try to achieve outperformance.
- An assessment of the strategy relative to peer strategies.
- An assessment of the manager's business management and its impact on particular strategies.



# HIGHLY RATED FUNDS



# HIGHLY RATED FUNDS

## WHAT ARE THEY?

**Highly rated funds** are strategies assessed by Mercer as having “above average” prospects of outperformance, as a result of Mercer’s ongoing monitoring of the universe of researched strategies based on four factors:



### IDEA GENERATION

How strong is the manager’s ability to generate value-adding investment ideas?



### PORTFOLIO CONSTRUCTION

How effectively are these investment ideas translated into weightings within portfolios?



### IMPLEMENTATION

How much of the value-added is given back in the form of transaction costs and opportunity costs?



### BUSINESS MANAGEMENT

Well managed investment firms are more likely to maintain and enhance the competitiveness of their investment strategies over time.

# HIGHLY RATED FUNDS

## HOW CAN THEY HELP IN YOUR CHOICES?

The Highly Rated Funds List aims to help you choose from the wider range of funds available on platform:



### FOCUSED LIST

Supports choice from a wider range of ranges, presenting fund options that constitute Mercer's best investment ideas



### SPLIT BY ASSET CLASS

Coverage of the most widely used asset classes (equities, bonds, property, multi-asset)



### ACTIVE AND PASSIVE OPTIONS

#### ACTIVE FUNDS

The fund manager aims to outperform a given benchmark or target

#### PASSIVE FUNDS

Funds that aim to track a stated benchmark or index

## HIGHLY RATED FUNDS HOW SHOULD THEY BE USED?

- The list should act as guidance, you are not restricted to investing in just the highly rated funds. You should regularly review your investment choice(s). If you are in any doubt regarding the suitability of funds for your needs and circumstances you should seek professional financial advice.
- If you only have access to a restricted set of funds through your scheme, not all of the Highly Rated Funds will be available for investment. **Please consult your scheme literature for more information on the fund options available.**
- Choosing funds is an important decision and you should refer to the fund information provided by Aviva, particularly the **fund description**, the **risk rating** and **charges**.
- Mercer makes no comment regarding the appropriateness of Aviva's rating, which can be found on the Aviva fund specific factsheets.



# HIGHLY RATED FUNDS EQUITIES

Asset Class	Manager	Fund Name	Active / Passive
<i>These funds invest predominantly in stocks and shares from companies from around the world.</i>			
<b>Global Equity</b>	Mercer	Active Low Volatility Equity	Active
	Mercer	Active Global Equity	Active
	Mercer	Passive Overseas Equity	Passive
	Mercer	Passive Overseas Equity (GBP Hedged)	Passive
	MFS	Global Equity	Active
<i>These funds invest predominantly in stocks and shares from smaller companies from around the world.</i>			
<b>Global Small Cap Equity</b>	Mercer	Active Global Small Cap Equity	Passive
<i>These funds invest predominantly in stocks and shares of companies that the fund manager has applied an ethical screen to or which meet Islamic investment principles as interpreted and laid down by the Shariah Committee.</i>			
<b>Global Sustainable / Global Ethical / Shariah Equity</b>	Mercer	Sustainable Global Equity	Active
	Mercer	Passive Shariah Fund	Passive
	LGIM	Ethical Global Equity Index	Passive
<i>These funds invest predominantly in stocks and shares of emerging markets.</i>			
<b>Emerging Markets Equity</b>	Mercer	Active Emerging Market Equity	Active
	Mercer	Passive Emerging Markets Equity	Passive

# HIGHLY RATED FUNDS BONDS

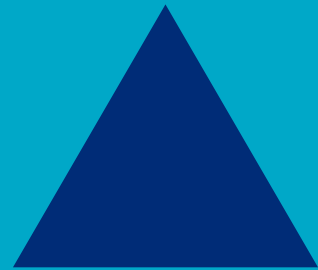
Asset Class	Manager	Fund Name	Active / Passive
<i>These funds predominately invest in sterling denominated fixed interest securities such as government or corporate bonds.</i>			
<b>UK Gilts</b>	Mercer	Active UK Bond	Active
	Mercer	Passive Over 15 Year Gilt	Passive
<b>UK Index-Linked Gilts</b>	Mercer	Passive Over 5 Year Index Linked Gilts	Passive
<b>UK Corporate Bonds</b>	M&G	Corporate Bonds	Active
	Mercer	Passive UK Corporate Bond	Passive
<b>Pre-Retirement Bonds</b>	Mercer	Pre-Retirement	Passive
	Mercer	Pre-Retirement Inflation Linked	Passive
<i>These funds predominately invest in fixed interest securities such as government or corporate bonds issued by emerging market borrowers.</i>			
<b>Emerging Markets Debt</b>	Mercer	Active Emerging Market Debt	Active

# HIGHLY RATED FUNDS

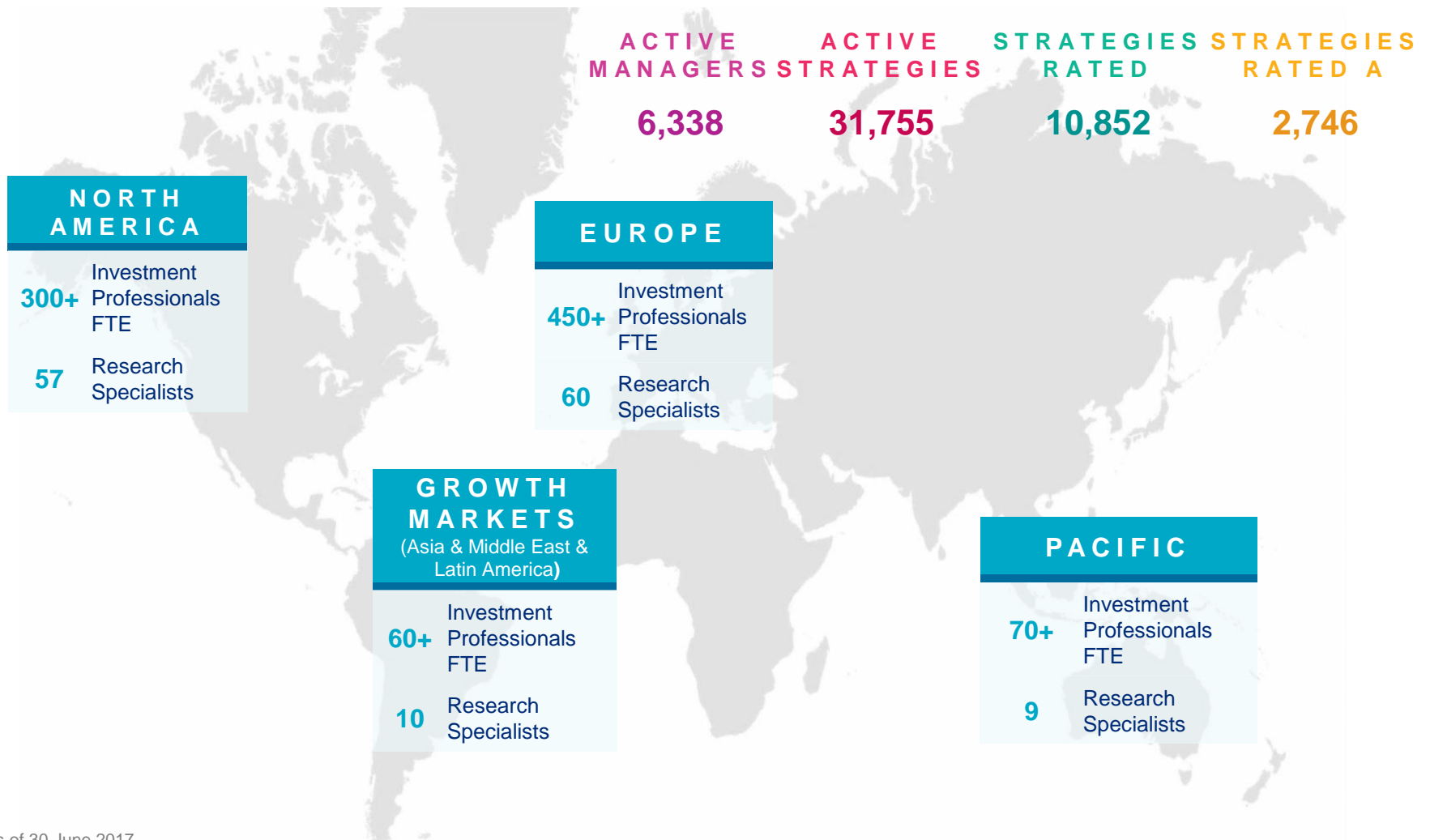
## PROPERTY, MULTI-ASSET AND CASH

Asset Class	Manager	Fund Name	Active / Passive
These funds invest directly in UK commercial real estate including retail, office, industrial and alternative sectors of the market.			
Property	M&G	Property Fund	Active
	Threadneedle	Pensions Property	Active
These funds invest in a wide range of asset classes (e.g. equities, bonds, property, commodities and derivatives) to provide long term equity like performance, with lower volatility.			
Diversified Growth	Aviva	Multi-Strategy Target Return	Active
	BlackRock	DC Diversified Growth Fund	Active
	Insight	Broad Opportunities Fund	Active
	Mercer	Diversified Growth Fund	Active
	Schroder	Diversified Growth Fund	Active
	Standard Life	Global Absolute Return Strategies	Active
These funds predominately invests in money market securities to deliver a return comparable with cash.			
Cash	Mercer	Cash Fund	Active

# MERCER TEAM



# MERCER TEAM GLOBAL NETWORK



Data as of 30 June 2017  
Investment Professionals exclude Financial Services and are FTE (not count of employees)  
Research Specialists exclude 9 central support /admin staff

# MERCER TEAM GLOBAL MANAGER RESEARCH

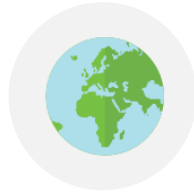
144

Research staff



11

Countries with Mercer  
research representatives



20

Cities with Mercer  
research representatives



46

Research specialists with fund  
management experience



18\*

Average years of  
financial experience



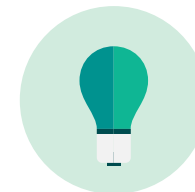
9\*

Average  
years with Mercer



94

Research specialists with MBA, CFA,  
actuarial, masters, or industry  
designation



Research Specialists exclude 9 central support /admin staff  
\*Average years experience excludes analysts and support/admin staff  
Data as at 1 August 2017

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# RISK WARNINGS

- Past performance cannot be relied upon as a guide to future performance.
- The value of stocks and shares, including unit trusts, can go down as well as up and you may not get back the amount you have invested.
- The value of gilts, bonds, and other fixed income investments including unit trusts can go down as well as up and you may not get back the amount you have invested.
- Investments denominated in a foreign currency will fluctuate with the value of the currency.
- The gearing in derivative strategies means that a small deposit may lead to large losses or gains and more significantly that a relatively small movement can lead to proportionately much larger movements in the value of your investment.
- Certain investments, such as illiquid, leveraged or high-yield instruments or funds and securities issued by small capitalisation and emerging market issuers, carry additional risk that should be considered before choosing any investment manager or making an investment decision.



**MAKE**  **MERCER**  
**TOMORROW,**  
**TODAY**

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