



COVID-19:

Dealing with the impact

7 May 2020

Webinar

Speakers



Rupert Watson

Head of Asset Allocation, Investment Solutions, Mercer
rupert.watson@mercer.com



Niall O'Sullivan

European CIO of Investment Solutions
Mercer
niall.osullivan@mercer.com



Simon Turner

Partner and Corporate Advisor
Mercer
simon.turner@mercer.com



Mark Harris

Consulting Team Leader, International
Mercer Marsh Benefits
mark.harris@mercermarshbenefits.com



Kate Fitzpatrick

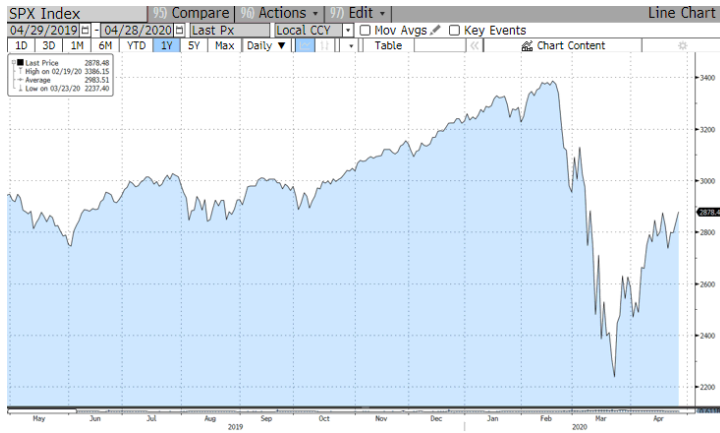
Global Mobility Practice Leader, UK & Ireland
Mercer
kate.fitzpatrick@mercer.com

We are committed to ensuring the content of these webinars is as useful to the whole audience as possible but we are also aware there may be specific questions you want answering.

Please submit any questions you may have during the webinar and we will include them on a Q&As document, a link to which will be provided in our post event email to you.

Taking stock of recent market moves over the last 12 months

US equities rebound 50%



High yield has recovered



But commodities haven't



And neither has EM FX and bonds



Source: Bloomberg, 5 May 2020.



Fed magic has successfully eased financial conditions

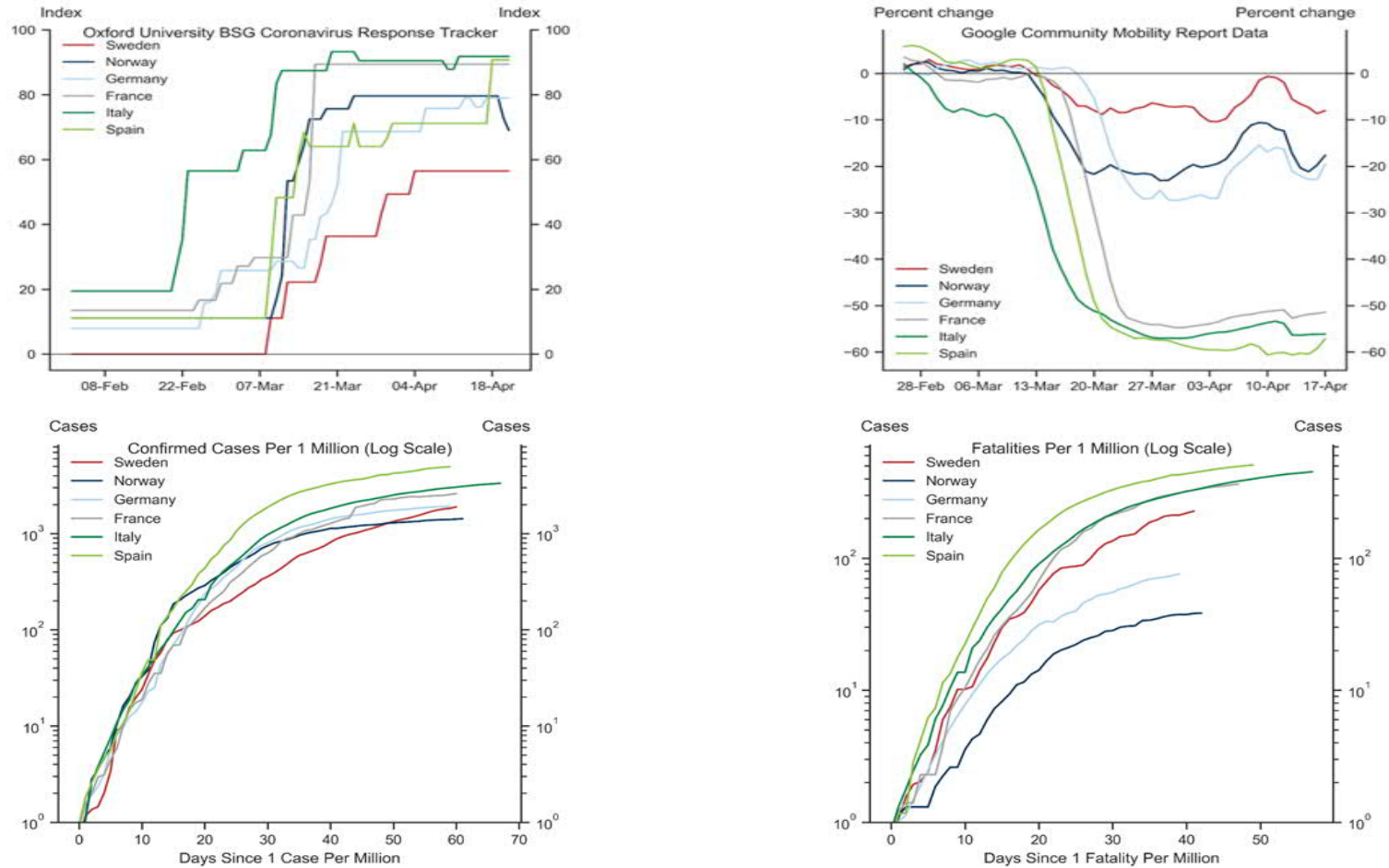
This is why markets have recovered



Source: Bloomberg, 5 May 2020.

Comment on Sweden

Exhibit 1: Sweden has imposed less strict containment measures, which is reflected in stronger economic activity



The Google Community Mobility Report Data show a simple average over the available indicators. Data as of 29 April 2020

Source: Oxford University, Google

What should you be asking?

Reaction

Resilience

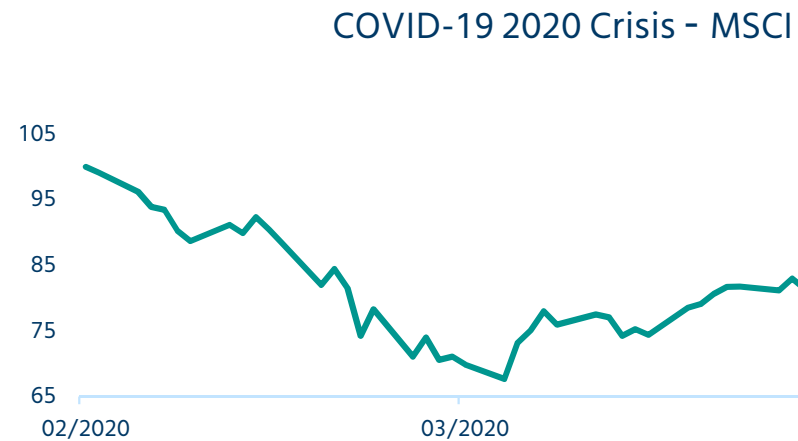
Resolution

Importance of investment governance

Situations will arise



Source: Databank, MSCI ACWI Index returns (local currency)

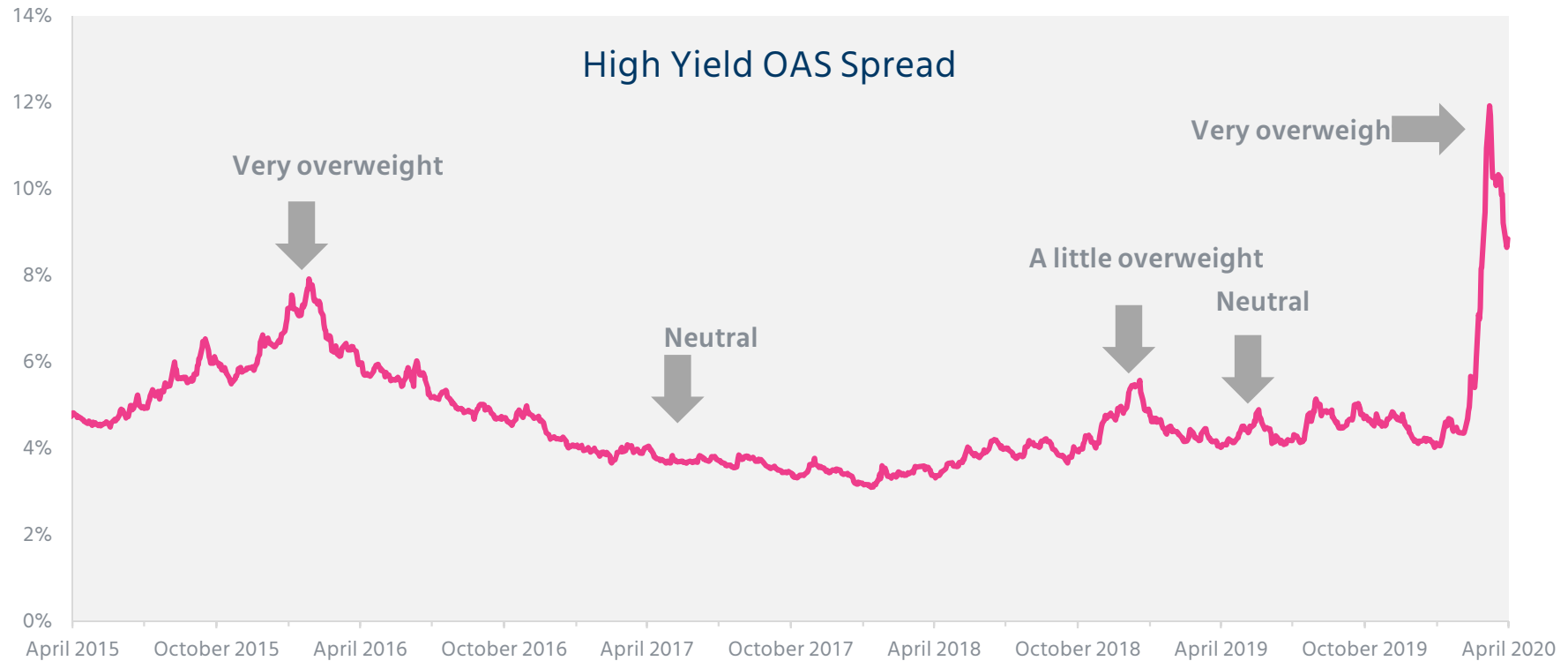


Source: Databank, MSCI ACWI Index returns (local currency)

What you realise

- Investment markets are complex, interconnected and, at times, extremely volatile.
- Trustees have competing pressures on their time and resources.
- A long term plan, needs to be coupled with an ability to be nimble over shorter periods of times.

Ready to capture opportunities



Credit trade added value over Q1 2020*

* Source Mercer . DAA value add is based on Mercer's model growth portfolio returns versus its strategic asset allocation benchmark over Q1 2020. Please see the appendix for further details on growth portfolio performance. DAA value add figures are calculated based on modelled DAA tilts and representative indices for each asset class during the period concerned. The dates used in the calculations were the dates when the DAA decisions were taken. Adjustments are not made to account for market frictions such as implementation lags, transaction costs, trading impact etc. Figures should be used as an indication of model DAA value add only, and is not a measure of actual portfolio performance.

Smart execution – our five “tips”

**Widening
trading
ranges**

**Smart
trading**

**Netting
where
possible**

**Avoiding
reversing
trades**

**Collateral
management**

How we supported our clients

Keeping them informed



Hosting Video Meetings



Email alerts on market moves



Weekly webinars

"I shudder to think where we might have been in this situation without Mercer's help in so many ways."

Investment Solutions Client

"I was really impressed – very reassuring and calm. Some fascinating views on COVID..."

Investment Solutions Client

"I think we all need to feel grateful that the changes made in the investment of the fund in recent years has resulted in the Scheme finances being much more robust than in previous years."

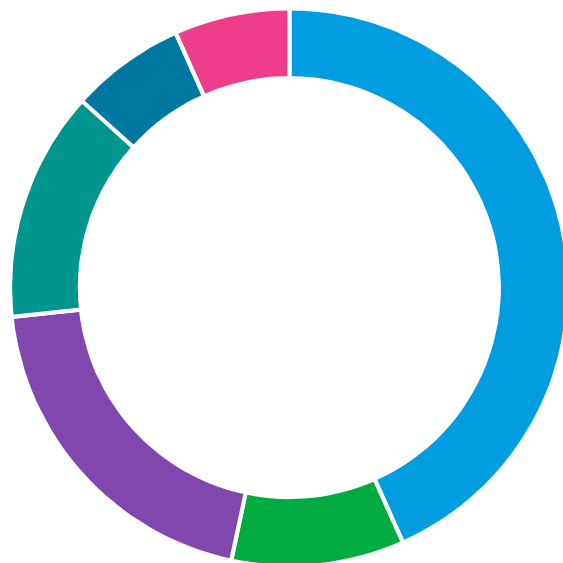
Investment Solutions Client

"It is very reassuring to see the matching and asset diversification strategies really come into their own during these turbulent times."

Investment Solutions Client

Suspending/reducing contributions in light of COVID-19

How long were contributions suspended?



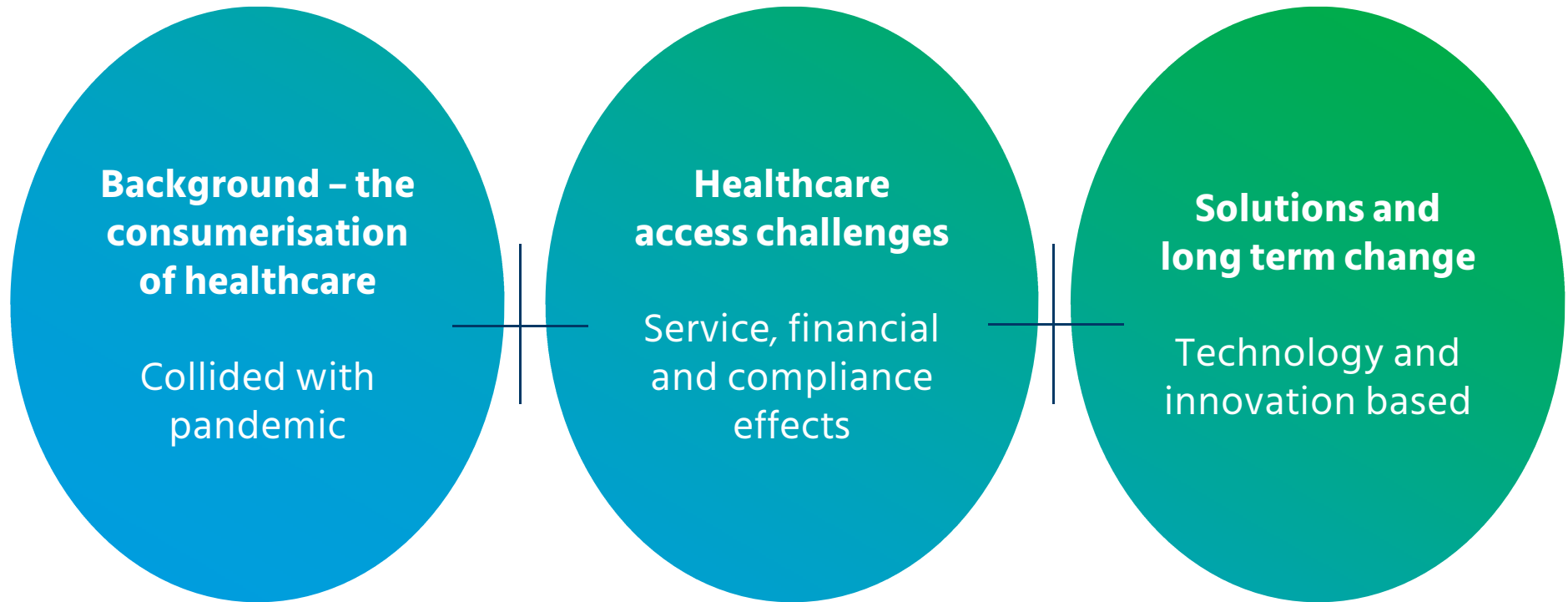
- 3 months
- Between 3 and 6 months
- Between 6 and 9 months
- Between 9 and 12 months
- Greater than 12 months
- Until further notice

43%

of positive respondents have suspended for a three month period

This is an increase of around 20% since the results of our initial survey. This indicates that companies and trustees are likely using the “three month” timescale indicated in the Pensions Regulator’s guidance as a steer on the appropriate period for suspension.

Access to care during a pandemic



Managing your cross-border workforce during a global pandemic

1. Focusing on priorities

Managing uncertainty
Assignee wellbeing
Maintaining trust

2. Managing packages

Assignee package
Cost-of-living issues
Hardship allowances

3. Looking ahead

Redeploying your mobile employees
Managing a distributed workforce
Virtual assignments

Q&A

We are committed to ensuring the content of these webinars is as useful to the whole audience as possible but we are also aware there may be specific questions you want answering.

Please submit any questions you may have during the webinar and we will include them on a Q&As document, a link to which will be provided in our post event email to you.

For further information and materials, please visit our COVID-19 hub
www.uk.mercer.com/covid19

Important Notices

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

For the avoidance of doubt, this paper is not formal investment advice to allow any party to transact. Additional advice will be required in advance of entering into any contract.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. Past performance does not guarantee future results. Mercer's ratings do not constitute individualised investment advice.

This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products or constitute a solicitation on behalf of any of the investment managers, their affiliates, products or strategies that Mercer may evaluate or recommend.



Issued in the United Kingdom by Mercer Limited which is authorised and regulated by the Financial Conduct Authority.
Registered in England No. 984275. Registered Office: 1 Tower Place West, London, EC3R 5BU