

INVESTMENT BOOKLET

23 October 2017

Mercer Super Trust

Allocated Pension Division

The information in this Investment Booklet dated 23 October 2017 forms part of the Product Disclosure Statement for the Allocated Pension Division of the Mercer Super Trust dated 23 October 2017.

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ABOUT THIS BOOKLET

This Investment Booklet dated 23 October 2017 (Booklet) provides important information about the investment options in the Allocated Pension Division (APD) of the Mercer Super Trust. This Booklet is incorporated into and forms part of the Allocated Pension Division Product Disclosure Statement dated 23 October 2017 (PDS).

You should consider the information in this Booklet, the PDS and Other Things You Should Know Booklet dated 23 October 2017 (Other Things You Should Know Booklet) before making any decision about your super.

This Booklet contains general information only and does not take into account your individual objectives, financial situation or needs. Before acting on any of this information, you should consider whether it is appropriate to your objectives, financial situation and needs. You should get financial advice tailored to your personal circumstances.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence #235906 is the trustee of the Mercer Super Trust. In this Booklet, MSAL is called trustee, we or us.

Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 AFSL244385 advises the trustee about the selection, appointment, replacement and ongoing evaluation of investment managers. MIAL is named in this booklet and has consented to being so named.

MSAL and MIAL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

MSAL is responsible for the contents of this Booklet and is the issuer of this Booklet. MIAL or Mercer are not responsible for the issue of, or any statements in this Booklet, the PDS or the Other Things You Should Know Booklet referred to in this Booklet or the PDS. They do not make any recommendation or provide any opinion regarding your Plan in the Mercer Super Trust or an investment in it.

The value of the investments in the Mercer Super Trust may rise and fall. MIAL, MSAL and Mercer do not guarantee the investment performance, earnings, or the return of any capital invested in the Mercer Super Trust.



Updated information

The information in this Booklet, the PDS and the Other Things You Should Know Booklet all dated 23 October 2017 may change.

You can obtain updated information that is not materially adverse at mercersuper.com or by calling the Helpline to request a copy of the information free of charge. Changes which are materially adverse will be advised to you as required by law.

HOW TO CONTACT US

Trustee

Mercer Superannuation (Australia) Limited
ABN 79 004 717 533
GPO Box 4303
Melbourne VIC 3001

Tel: **1800 671 369**

If calling from outside Australia
61 3 8687 1823

Helpline

Call the Helpline on **1800 671 369**
from 8am to 7pm AEST Monday to Friday.

If calling from outside Australia
61 3 8687 1823

Website

mercersuper.com

After you join the Plan, we will send you your personal login. You will then be able to access other information about your account in the Mercer Super Trust including annual reports and member newsletters.

Generally mercersuper.com is available 24 hours per day, seven days per week. Please note, however, the website may not be available when we need to carry out scheduled updates or maintenance.

Call the Helpline if you need information about accessing the website.

Postal address

Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

Help in making decisions

You should get advice from a licensed, or appropriately authorised financial adviser.

There are helpful tools and further information at mercersuper.com including:

- up to date information on investment options
- information from our wealth education experts, and
- financial planning tools.



Looking for financial advice?

If you wish to find out about Mercer financial advice services or speak to a Mercer financial adviser call 1800 702 993.

Mercer financial advisers are authorised representatives of Mercer Financial Advice (Australia) Pty Ltd.



Keep your contact details up to date

We can only send you information if we have your current contact details. You can update your details via our website mercersuper.com (sign in using your personal login) or call the Helpline.

We may send member communications to you (including member statements and significant event notices that the law permits) via:

- email (where we have an email address for you including any email address provided by you or any other person on your behalf including your former employer), and/or
- SMS (where we have a mobile number provided by you), and/or
- a link to a website so you can download them.

We can also post any documents to you. When you receive your personal login details, simply update your communication preferences online under 'Personal Details' or call the Helpline.

HOW TO CHOOSE YOUR INVESTMENTS

As a new member of the Allocated Pension Division (APD), you can choose your investments by selecting up to ten investment options from our investment menu.

If you are a Transition to Retirement Allocated Pension member, not all of the investment options are available to you. This is covered later in this Booklet.

The investment option(s) you first choose on your *Application Form to join the Allocated Pension Division* will apply to your existing account balance.

We will automatically invest your super in the default investment option, Mercer SmartPath[®], or Taxed Mercer SmartPath[®]¹ (if you join as a Transition to Retirement Pension member) if you do not make a choice when you join the APD.

However, if you have transferred from the Corporate Superannuation Division (CSD) or Personal Superannuation Division (PSD) to the APD and haven't chosen any investment option(s), then your default is as follows:

- the same investment option(s) as those you were invested in the CSD or PSD, or
- if the same investment option(s) aren't available, then the investment option(s) which most closely correspond to those in which your super was invested in the CSD or PSD (see the table on this page), or
- if all or part of your super was previously not unitised, then that part of your super will be invested in the Mercer Cash investment option.

If you are transferring from the CSD and you have an amount invested in the Mercer Direct investment option in that Division, then you cannot directly transfer that investment to the APD. You will need to sell or redeem any amount invested in the Mercer Direct investment option before the transfer can occur. Following the transfer and once you have received your new log-in details as a member of the APD, you can then make a new investment in the Mercer Direct investment option through the APD.

The table below shows the existing CSD or PSD investment options that do not have an exact APD equivalent and therefore have been matched to certain investment options within the APD.

Once you have received your personal login, you can select or change investment options online at mercersuper.com or by calling the Helpline.

It is important to review your investment selection regularly.

See the investment option tables later in this Booklet for more details about each investment option.

The trustee may add, remove or alter investment options. We will advise you about any changes.

You should seek advice from a licensed, or appropriately authorised, financial adviser before you choose your investment option

CSD or PSD existing investment option	APD investment option	
	For non-transition to retirement pension	For transition to retirement pension
Mercer SmartPath Born 1964 or later*	Mercer High Growth	Taxed Mercer High Growth
Mercer Australian Shares Plus	Mercer Australian Shares	Taxed Mercer Australian Shares
Non Mercer Growth – Multi-Manager Style	Mercer Growth	Taxed Mercer Growth
Non Mercer Balanced – Multi-Manager Style	Mercer Growth	Taxed Mercer Growth
Non Mercer Balanced – Core Style	Mercer Growth	Taxed Mercer Growth
Non Mercer Balanced – Value Style	Mercer Growth	Taxed Mercer Growth
Non Mercer Conservative	Mercer Conservative Growth	Taxed Mercer Conservative Growth
Fairfax Media Super	Mercer Growth	Taxed Mercer Growth
JANA Aggressive	Mercer Diversified Shares	Taxed Mercer Diversified Shares
JANA Assertive	Mercer High Growth	Taxed Mercer High Growth
JANA Moderate	Mercer Growth	Taxed Mercer Growth
JANA Cautious	Mercer Moderate Growth	Taxed Mercer Moderate Growth
JANA Conservative	Mercer Conservative Growth	Taxed Mercer Conservative Growth
JANA Cash	Mercer Cash	Taxed Mercer Cash
JANA Australian Shares	Mercer Australian Shares	Taxed Mercer Australian Shares
JANA International Shares	60% Mercer Overseas Shares (Unhedged), 40% Mercer Hedged Overseas Shares	100% Taxed Mercer Overseas Shares (Unhedged),
JANA Australian & International Shares	Mercer Diversified Shares	Taxed Mercer Diversified Shares
Ford Select	Mercer Growth	Taxed Mercer Growth

* The reference to Born 1964 or later includes the following paths – Born 1964 – 1968, Born 1969 – 1973, Born 1974 – 1978, Born 1979 – 1983, Born 1984 – 1988, Born 1989 – 1996, Born 1994 – 1998 and Born 1999 – 2003.

READY-MADE INVESTMENT OPTIONS

The Ready-made investment options are designed to combine a mix of one or more complementary asset classes and management styles to deliver a stated objective. The trustee chooses and monitors the investment managers and decides how to allocate the different asset classes.

The Ready-made investment options are:

- Mercer SmartPath (the default investment option)
- Mercer Diversified Shares
- Mercer High Growth
- Mercer Growth
- Mercer Moderate Growth
- Mercer Conservative Growth, and
- Mercer Cash
- Taxed Mercer SmartPath (the default investment option for Transition to Retirement Allocated Pensions)
- Taxed Mercer Diversified Shares
- Taxed Mercer High Growth
- Taxed Mercer Growth
- Taxed Mercer Moderate Growth
- Taxed Mercer Conservative Growth, and
- Taxed Mercer Cash

SELECT-YOUR-OWN INVESTMENT OPTIONS

We have grouped the Select-your-own investment options as follows (note that not all options are available to Transition to Retirement Allocated Pensioners):

Mercer Sector options

These options offer exposure mainly to one major asset class. They are designed for investors who want to invest in a particular asset class or multiple asset classes to tailor their own portfolio.

Mercer Plus options

We expect these options to have higher risk and return characteristics than the current equivalent Ready-made or Mercer Sector options. However, there is no guarantee that these options will meet these expectations.

Mercer Socially Responsible Investment options

The Mercer Socially Responsible Investment (SRI) options incorporate principles of social responsibility into investment decisions. See the 'Socially Responsible Investing' section for more information about the SRI investment process. This option is not available to Transition to Retirement members.

Indexed options

The Indexed options aim to perform in line with the overall market in which they invest. They may also have some exposure to active management.

Mercer Direct option

The Mercer Direct investment option allows you to take control of your investments. You can choose from a range of term deposits, shares and a selection of Exchange Traded Funds (ETFs). See more detailed information about Mercer Direct later on in this Booklet.

SWITCHING INVESTMENT OPTIONS AFTER YOU HAVE JOINED THE APD

For all options other than the Mercer Direct investment option.

You can change your investment options (also called switching investment options) online at mercersuper.com (sign in using your personal log-in details) or by completing the appropriate form available from the Helpline. See 'Units and unit pricing' for details on which unit price applies when changing or switching investment options.

If you change or switch investment options, it's important to review your pension payment investment selection.

If you hold a Transition to Retirement Allocated Pension, you will be limited to switching only between the Taxed investment options available to you.

For the Mercer Direct investment option

The Mercer Direct investment option can only be selected after you become a member of the APD of the Mercer Super Trust and once you have the minimum amount in your account (see 'About the Mercer Direct investment option' later in this section for more details on the minimum amount and other limits). You can then choose to invest part of your account balance in the Mercer Direct investment option online only (using your personal log-in details).

If you make an investment in the Mercer Direct investment option, you must reconfirm (or change if applicable) your pension payment investment selection. This will be done as part of the online process for making an investment in Mercer Direct.

For details of the terms and conditions that apply to the Mercer Direct investment option, read the *Mercer Direct Member Guide*. You can get a copy of the *Mercer Direct Member Guide* at the Mercer Super Trust website mercersuper.com/documents

TRANSITION TO RETIREMENT ALLOCATED PENSIONS

From 1 July 2017, Investment earnings on Transition to Retirement Allocated Pensions will be taxed at 15%. Previously, investment earnings were tax exempt. Therefore, at 1 July 2017, any funds you have invested will be moved to the new taxed investment options.

Note that not all of the tax exempt investment options are available as taxed investment options. If you hold investments that do not have a taxed equivalent, your funds will be moved the closest option available. These are covered in more detail later in this Booklet.

NO GUARANTEES

There are no guarantees that investment returns will be positive or that you will be able to maintain the value of original capital. Your super account balance will move up and down in value depending on movements in the value of the underlying investments in your chosen investment option(s).

You should see a licensed, or appropriately authorised, financial adviser if you are unsure about your investment choice.

Low or negative investment returns may affect your super account balance. Tax, fees and charges will also reduce your super account balance.

You can obtain up to date returns for the APD's investment options (excluding the Mercer Direct investment option) in the Mercer Super Trust at mercersuper.com

HOW WE INVEST YOUR SUPER

No two members are the same. That's why we provide a suite of investment options to help meet your needs. This gives you the flexibility to tailor your investment portfolio or leave it to us to do it for you.

Balancing risk and return

All investments, including super, carry some risk. We invest your super in your chosen investment options that have different levels of risk depending on the assets that make up each investment option.

Historically, growth investments, such as shares and property have the potential to produce higher returns over the long term but are also likely to experience more volatility (ups and downs) in investment returns in the short term.

Defensive investments such as cash or fixed interest (including higher yielding fixed interest), tend to produce lower but more stable long-term investment returns than growth investments.

Investment returns cannot be guaranteed and you may lose some of the money you have invested.

You can help to balance risk and expected returns by choosing investments across different asset classes, countries and investment managers through your choice of investment options.

Your super can be invested in various asset classes shown in the table below (through the investment options in our investment menu).

Asset class	Description
Australian Shares	Investments in Australian companies listed on the Australian Stock Exchange (ASX) or equity based trusts, derivatives or unlisted Australian based equity type investments. It may include a small exposure to companies listed outside the Australian exchange.
International Shares	Investments in companies listed on securities exchanges around the world. These investments may be hedged* or unhedged to manage movements in exchange rates, which can have an impact on the value of investments (up or down). Investments in international shares may be in developed markets, which may include countries that are among the most developed in terms of economy and capital markets. Alternatively, investments in international shares may be in emerging markets, which would include countries that typically have a lower standard of living and less developed infrastructure and financial markets.
Property and Infrastructure	Australian and international listed and unlisted property funds including (but not limited to) office buildings, shopping centres, industrial estates and other similar property investments. Infrastructure investments are investments in long-term assets required for major economic and social needs such as airports, tunnels, bridges, toll roads, pipelines and utilities. Investments in infrastructure assets can be in Australia or internationally through listed or unlisted assets.
Alternative Assets	Alternative assets comprise investments that do not fit within other asset classes. They may include investments in hedge funds, private equity, natural resources, mezzanine debt and insurance linked strategies. Alternative investments may have growth or defensive characteristics.
Higher Yielding Fixed Interest	Targets a higher yield from fixed interest by investing in issuers that carry a higher degree of credit risk or illiquidity relative to defensive fixed interest and cash investments. Generally the exposures will be to non-investment grade corporate issuers, or sovereign bond issuers in emerging markets which may also carry emerging market currency risks.
Defensive Fixed Interest and Cash	Fixed interest investments generally provide a regular income stream with the repayment of capital expected at the end of the term. These exposures are generally considered defensive as they are invested in highly rated sovereign bond issuers in developed markets or highly rated investment grade corporate issuers. Cash includes short-term interest bearing investments and fixed term interest bearing investments.

* See the Glossary for an explanation about hedging.

INVESTMENT PHILOSOPHY AND APPROACH

Investment objectives and strategy

Each investment option has a specific performance objective.

Our strategy generally is to select a long-term mix of investments to support the investment options' objectives and we believe our investment options are reasonably likely to meet their objectives. However, there are no guarantees.

We have included the investment objective and strategy in all investment options tables later in this Booklet.

We may change the investment objective and strategy for each investment option to ensure that there is a reasonable probability we deliver on the objective. The actual asset allocation may fall outside the stated ranges during material transactions or due to factors including extreme market conditions or asset transitions.

We will provide information about any significant changes to the features of our investment options.

We use formal quarterly analysis to monitor the performance of the investment options' against their objectives and to help us assess whether we need to make any changes.

Manager research and selection

The Trustee has appointed Mercer Investments (Australia) Limited (MIAL) as an investment consultant.

MIAL advises the trustee about the selection, appointment, replacement and ongoing evaluation of investment managers.

MIAL's significant scale in researching managers globally provides it with access to some of the best ideas from more than 5,000 investment managers around the world.

MIAL leverages its global research network to establish optimal combinations of specialist managers for each asset class. MIAL's investment manager research focuses on each manager's strength in idea generation, portfolio construction, implementation and business management.

A number of Mercer investment options adopt a multi-manager approach. This approach involves selecting optimal combinations of investment managers to achieve exposure to a range of investment management styles. The intention is to maximise the potential of the options to produce consistent performance throughout market cycles.

The trustee may remove, replace, or appoint investment managers for the investment options at its discretion at any time.

Information about investment managers is available on mercersuper.com. You can also call the Helpline for this information.

HOW MERCER SUPER TRUST'S ASSETS ARE INVESTED

The trustee invests the Mercer Super Trust's assets as follows:

- in other funds managed by professional investment managers
- in a range of investments such as securities, derivatives and cash managed via mandates held with professional investment managers, and
- in funds managed by MIAL including but not limited to the Mercer Multi-Manager Funds (MMFs) or the Mercer Investment Funds (MIFs). The assets may also be invested in funds or investment vehicles managed by other Mercer related entities.

MIAL is the responsible entity of the MMFs and MIFs and appoints professional investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The external investments for the Mercer Super Trust including the underlying investments of the MMFs and MIFs are held by an independent custodian.

UNITS AND UNIT PRICING

For all investment options other than the Mercer Direct investment option.

Units explained

The assets of each investment option are divided into units of equal value.

Each time there is a contribution to the Mercer Super Trust, the trustee allocates units in the relevant option at the entry price. Similarly, when there are payments made, the trustee redeems units from the relevant investment option at the exit price. Payments include pension payments, commutations, fees, or tax.

The entry price for rollovers or transfers will generally be calculated after your transaction is received and validated (which may be different to the last available unit price at the time of your transaction). The exit price used for pension payments, commutations, fees, tax and expenses is generally the price available at the time the relevant transaction is processed.

Note that:

1. We can only allocate units when we receive all the necessary information to invest;
2. We may suspend the issue (or redemption) of units whenever the trustee believes that the entry (or exit) price of the units cannot be calculated in a manner that is fair to all members holding those units. We may also suspend the redemption of units if we are unable to realise sufficient funds to satisfy a redemption request from the sale of the underlying assets; and
3. Units are not transferable.

How unit prices are calculated

The unit price of each investment option is generally calculated daily (except on weekends and Melbourne public holidays) although we may recalculate prices more or less frequently as appropriate. Unit prices may rise or fall depending on fluctuations in the underlying value of investment in each option. Unit prices are calculated to the fourth decimal place.

Where the amount associated with the allocation or redemption of units does not exactly equal the amount received or to be paid, then we may issue or redeem a fractional unit equal to the outstanding proportion of a whole unit.

A fractional unit has a value equal to the proportion that it bears to a whole unit. The net asset value of an investment option reflects the value of the underlying assets of that option less any liabilities, provisions for taxation and other expenses related to that option.

The unit price of a whole unit (one unit), reflects the asset value of the investment option divided by the number of units on issue for that investment option at the relevant time. We make allowances for any transaction and operational costs (see 'Transaction and operational costs' in the 'Additional explanation of fees and costs' section of the 'Fees and Other Costs' section of the *PDS* for more details).

Unit pricing and changes to investment options

If you change investment options, the unit price for the switch will generally be calculated after your request is received and validated, (which may be different to the last available unit price at the time of your transaction)

Differing returns

Investment returns based on unit prices are likely to differ from the underlying manager's actual return due to differences in fees, timing and impact of transactional factors.

How assets are valued

Unless the trustee determines otherwise, the value of the underlying assets of the investment options will be based on market values determined by an external custodian or investment manager.

Our unit prices can be independently verified using our valuation methods and policies.

When valuing assets, we make an estimate of the tax liability due (which has not yet been paid on investment income and capital gains, both realised and unrealised).

For Mercer Direct only

The *Mercer Direct Member Guide* provides details about transactions and how your assets within the Mercer Direct investment option are valued. You can get a copy of the *Mercer Direct Member Guide* at the Mercer Super Trust website [mercersuper.com](https://www.mercersuper.com)

USE OF DERIVATIVES

Derivatives, such as futures or options, are investment products whose value is derived from one or more underlying assets. The value of a share option, for example, is linked to the value of the underlying share.

The trustee does not undertake day-to-day management of derivative instruments.

Derivatives may be used to assist in the efficient management of the portfolios (e.g. to quickly and effectively adjust asset class exposures and for rebalancing purposes) and to manage risk (e.g. for currency hedging). Losses from derivatives can occur (e.g. due to market movements).

Derivative risk is managed by limiting derivative use in relevant Investment and or Transition Management Agreements with investment managers and by considering the risks and controls set out in the managers' Derivative Risk Statements, where applicable.

SUSTAINABLE INVESTMENT

For Ready-made and Select-your-own investment options only

We build sustainability principles into our investment options to help protect and enhance the value of your super. We look beyond traditional financial factors to consider the potential investment impacts of corporate governance as well as environmental and social issues – such as an aging population, energy and resource constraints and climate change.

We believe Environmental; Social and Governance (ESG) factors may have a material impact on long-term risk and return outcomes. For more information refer to the trustee's *Mercer Funds Sustainable Investment Policy* and *Mercer Funds Corporate Governance Policy*, available from [mercersuper.com/documents](https://www.mercersuper.com/documents) or by calling the Helpline.

Principles of sustainable investment and good governance apply to all asset classes unless otherwise indicated.

The investment managers appointed to the investment options are encouraged to consider ESG factors (outlined in the table below) when assessing investment risk and opportunities.

For Mercer Direct and Indexed options

The trustee does not impose any specific ESG requirements on investment managers for these investment options.

Active ownership and investment stewardship

We also believe that principles of active ownership and investment stewardship are valuable in the investment process. For that reason, we have incorporated ESG considerations, principles of active ownership and investment stewardship throughout our investment decision making and ownership practices as documented in the trustee's policies on mercercap.com.

Environmental, Social and Governance Considerations

Investment managers are encouraged to consider ESG factors (in the table below) when assessing investment risk and opportunities, as relevant to the type of investment.

Environmental	Social	Governance
<ul style="list-style-type: none">climate changeenergy efficiencypollution controlresource scarcityrenewable energywater management	<ul style="list-style-type: none">employee labour standards (including wages, working hours and diversity)occupational health and safetyemployee relationshuman rightssupply chain labour practices (including child and forced labour)talent attraction and retention	<ul style="list-style-type: none">community engagementcorporate citizenshipanti-bribery and corruptionremunerationboard balance and diversityoperational and risk management

Socially Responsible Investing

Socially Responsible Investing (SRI) means taking into account ethical issues when making investment decisions. We consider these issues in addition to the ESG considerations outlined above for our socially responsible investment options.

You can choose from two SRI options (unless you hold a transition to retirement allocated pension):

- the Mercer Socially Responsible Shares investment option, and
- the Mercer Socially Responsible Growth investment option.

The investment managers for these options must take into account the SRI criteria set out below:

- the portfolio's total carbon intensity (given the risks and opportunities posed by climate change), and
- Mercer's commitment to sustainable investing and active ownership through ESG integration, proxy voting and corporate engagement.

The trustee does not take ethical issues into account for any other investment options when making investment decisions.

Sector exclusions

Our SRI options will not invest in companies with material exposure to:

- tobacco production
- alcohol production
- gambling or gaming services, and
- armaments.

Material exposure is defined as 10% of revenue or greater in the last financial year.

Asset classes and SRI

Australian and international shares are the only asset classes subject to the SRI exclusions in the two SRI options listed under 'Socially Responsible Investing'. These exclusions are not typically relevant to most other asset classes. However, we may extend SRI considerations to other asset classes for these options in the future.

The SRI options use a multi-manager investment approach, with potentially different investment managers selected to implement investment strategies in each asset class.

SRI risk and return considerations

Applying SRI principles can affect investment risk and return. Some SRI strategies, for example, may exclude investments in sectors considered unethical. These options may have less diversified investment opportunities and may forgo some potentially profitable investments on ethical grounds.

UNDERSTANDING INVESTMENT RISKS

This section is a summary of the different risks that can have an impact on your investments in the Mercer Super Trust.

Generally, investment risk is used to describe the risk that an investor will get back less than they put in. In super, taxes, expenses and low or negative investment returns can also have an impact on investment risk.

Your investment could rise or fall in value or produce a return that is less than expected. Rises and falls in value can happen quickly and for many reasons.

The types of investment risk that may affect your investment in the APD include:

Individual asset risk – the risk associated with individual assets within a particular asset class.

Market risk – the risk of major movements within a particular financial market or asset class.

Political risk – the risk that domestic and international political events could impact the value of the investment. Instability affecting investment returns could stem from change in government, legislative bodies, other foreign policy makers or military control.

Inflation risk – the risk that money may not maintain its purchasing power due to increases in the price of goods and services (inflation).

Derivatives risk – the risk that exposure (either directly or indirectly) to derivative instruments increases the risk in a portfolio or exposes a portfolio to additional risks. These risks include the possibility that a position is difficult or costly to reverse or that there is an adverse movement in the asset, interest rate, exchange rate or index underlying the derivative. See the 'Use of derivatives' section earlier in this Booklet.

Timing risk – the risk that at the date of investment, your money is invested at higher prices than those available soon after. Alternatively, it can also mean the risk that, at the date of redemption, your investments are redeemed at lower prices than those that were recently available or that may have been available soon after.

Investment manager risk – the risk that an investment manager will underperform (e.g. because of an incorrect market view or an investment style or as a result of losing key personnel).

Credit risk – the risk that a debt issuer will default on payment of interest or principal.

Liquidity risk – the risk that you will be unable to redeem your investment at the time you choose.

Currency risk – the risk that international investments gain or lose value as a result of a falling or rising Australian dollar.

See the 'Risk summary for the investment options' table later in this Booklet for details on which risks apply to our investment options.

Minimising risk

The trustee aims to help minimise investment risks by offering you a wide range of investment options.

This gives you the benefits of diversification across different asset classes, investment managers and investment styles. See 'Balancing risk and returns' earlier in this Booklet for more details.

The trustee has considered the above investment risks in constructing the Mercer investment options by:

- investing with a number of different investment managers (to reduce investment manager risk)
- where appropriate, investing across different asset classes (to reduce market risk, inflation risk and liquidity risk)
- where appropriate, investing across different countries (to reduce political risk, inflation risk, liquidity risk and currency risk), and
- investing in a number of individual securities within each asset class (to reduce individual asset risk, liquidity risk and credit risk).

Diversification

To some extent, diversification can reduce timing risk. You can manage timing risk by selecting an investment option that best suits your particular investment time horizon (the time you expect to have your super invested in the option).

The investment managers appointed by the trustee to manage the Mercer investment options may use derivatives to help manage risk (e.g. to hedge part of an international currency exposure). See the 'Use of derivatives' section earlier in this Booklet.

See earlier in this Booklet for more details of our investment philosophy and approach for the Mercer investment options.

You should carefully consider the risks of each of the options before making any investment decisions. This is important as we cannot guarantee the value of your investment in any of the options and you may get back less money than you invest. You should be aware that investment returns can be volatile and the value of your investments may increase or decrease. You should not rely on past performance as an indicator of the future performance of any of the investment options.

We strongly recommend that you speak to a licensed, or appropriately authorised, financial adviser before making any investment decisions.

Additional risks for the Mercer Direct investment option

The self-directed nature of the Mercer Direct investment option means there may be more investment risks than the other investment options available in the APD.

You should consider the following issues before investing in the Mercer Direct investment option:

- Your current age and expected retirement age (typically members will reduce their investment risk as they approach retirement and will consider how they will meet their income needs);
- Whether you have adequate diversification across different asset classes, countries and investment managers;
- Superannuation is a long-term investment and Mercer Direct should not be used to time the market;
- The need to monitor your investments and maintain an appropriate mix and diversification of investments as the market changes; and
- Your investments outside super and how they will contribute to your income in retirement.

Risks of transacting online

The Mercer Super Trust aims to provide you with uninterrupted access to the Mercer Direct section of the secure member website*.

However it accepts no responsibility (to the extent permitted by law) if the secure member website or the Mercer Direct section of the secure member website are unavailable. The Mercer Super Trust reserves the right to temporarily change, suspend or cancel operations in the secure member website or the Mercer Direct section of the secure member website without prior notice.

Other risks

If you cancel a term deposit before the maturity date, the term deposit provider may withhold some or all of the earnings that would have been due had you held the term deposit to maturity. Refer to the terms and conditions of the term deposit provider for further information on any break fees available on Mercer Direct section of the secure member website.

If you do not keep your registered email address up to date, you will miss being advised of and participating in any applicable corporate actions. If you do not respond by the due date, the corporate action will expire and this may have an impact on your investments in the Mercer Direct investment option.

* The Mercer Direct section of the secure member website allows you to transact and includes information that you will need to monitor and manage your Mercer Direct investments.

STANDARD RISK MEASURE

The Standard Risk Measure (SRM) is the estimated number of negative annual returns in any 20 year period. It is a tool to help you compare investment risk across investment options. The SRM is based on industry guidance and is not a complete assessment of investment risk. It does not take into account:

- what the size of a negative return could be
- if the size of a positive return will be enough to meet your objectives, or
- the impact of administration fees and tax on the likelihood of a negative return.

You should check you are comfortable with the risks and potential losses associated with your chosen investment option(s).

The standard risk measure consists of seven risk labels:

Risk label	Estimated number of negative annual returns over any 20 year period
Very high	6 or more
High	Between 4 and 6
Medium to high	Between 3 and 4
Medium	Between 2 and 3
Low to medium	Between 1 and 2
Low	Between 0.5 and 1
Very low	Less than 0.5

Risk labels are not a guarantee of the number or frequency of negative annual returns for an investment option

RISK SUMMARY FOR THE INVESTMENT OPTIONS

The table below shows whether there is a low, medium or high likelihood (L, M or H) of a risk applying to an investment option. Note the information contained in this table is indicative only. The likelihood of risks may change over time.

Investment option		Individual Asset Risk	Market Risk	Political Risk	Inflation Risk	Derivatives Risk	Timing Risk	Investment Manager Risk	Credit Risk	Liquidity Risk	Currency Risk	
Tax free options (only available to non-transition to retirement allocated pension members)												
Ready-made	Mercer SmartPath	Born prior to 1954	L	M	L	L	L	M	L	L	L	L
		Born 1954-1958	L	M	L	L	L	M	L	L	L	M
		Born 1959-1963	L	M	L	L	L	M	L	L	L	M
		Mercer Diversified Shares	L	H	L	L	L	H	L	L	L	H
		Mercer High Growth	L	H	L	L	L	H	L	L	L	M
		Mercer Growth	L	M	L	L	L	M	L	L	L	M
		Mercer Moderate Growth	L	M	L	L	L	M	L	L	L	L
		Mercer Conservative Growth	L	L	L	M	L	L	L	L	L	L
	Mercer Cash	L	L	L	H	L	L	L	L	L	L	
Select-your-own	Mercer Plus	Mercer Select Growth	L	M	L	L	L	M	L	L	L	M
		Mercer Overseas Shares Plus (Unhedged)	L	H	M	L	L	H	L	L	L	H
		Mercer Income Plus	L	M	L	H	L	M	L	M	L	L
	Mercer Sector	Mercer Australian Shares	L	H	L	L	L	H	L	L	L	L
		Mercer Australian Core Shares	L	H	L	L	L	H	M	L	L	L
		Mercer Australian Growth Shares	L	H	L	L	L	H	H	L	L	L
		Mercer Australian Value Shares	L	H	L	L	L	H	H	L	L	L
		Mercer Australian Small Companies	L	H	L	L	L	H	L	L	L	L
		Mercer Overseas Shares (Unhedged)	L	H	M	L	L	H	L	L	L	H
		Mercer Hedged Overseas Shares	L	H	M	L	L	H	L	L	L	L
		Mercer Overseas Small Companies	L	H	M	L	L	H	L	L	L	H
		Mercer Global Low Volatility Shares	L	H	M	L	L	H	L	L	L	H
		Mercer Emerging Markets	L	H	H	L	L	H	L	L	L	H
		Mercer Property	L	H	L	L	L	H	M	L	L	M
		Mercer Australian Listed Property	L	H	L	L	L	H	L	L	L	L
		Mercer Overseas Listed Property	L	H	M	L	L	H	L	L	L	L
		Mercer Global Listed Infrastructure	L	H	M	L	L	H	L	L	L	L
		Mercer Diversified Alternatives	L	H	L	L	L	H	L	L	L	L
		Mercer Fixed Interest	L	M	L	H	L	M	L	M	L	L
		Mercer Australian Sovereign Bonds	L	L	L	H	L	L	L	L	L	L
	Mercer Overseas Sovereign Bonds	L	L	L	H	L	L	L	L	L	L	
	Mercer Term Deposit	L	L	L	M	L	L	L	L	L	L	
	Mercer Socially Responsible	Mercer Socially Responsible Shares	L	H	L	L	L	H	M	L	L	L
Mercer Socially Responsible Growth		L	H	L	L	L	M	L	L	L	M	

RISK SUMMARY FOR THE INVESTMENT OPTIONS (CONTINUED)

Investment option			Individual Asset Risk	Market Risk	Political Risk	Inflation Risk	Derivatives Risk	Timing Risk	Investment Manager Risk	Credit Risk	Liquidity Risk	Currency Risk
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Tax free options (only available to non-transition to retirement allocated pension members)

Select-your-own	Indexed											
		Indexed Diversified Shares	L	H	L	L	L	H	L	L	L	L
		Indexed Australian Shares	L	H	L	L	L	H	L	L	L	L
		Indexed Overseas Shares	L	H	M	L	L	H	L	L	L	H
		Enhanced Indexed Growth	L	M	L	L	L	M	L	L	L	M
		Enhanced Indexed Conservative Growth	L	L	L	M	L	L	L	L	L	L
Mercer Direct	Mercer Direct^	Shares	H	H	L	L	L	H	L	L	L	L
		ETFs	L	H	L	L	L	H	L	L	L	L/H
		Term Deposit	L	L	L	H	L	L	L	L	M	L

Taxed options (only available to transition to retirement allocated pension members)

Select-your-own	Ready-made											
		Taxed Mercer SmartPath	Born prior to 1954	L	M	L	L	L	M	L	L	L
		Born 1954-1958	L	M	L	L	L	M	L	L	L	M
		Born 1959-1963	L	M	L	L	L	M	L	L	L	M
		Taxed Mercer Diversified Shares	L	H	L	L	L	H	L	L	L	H
		Taxed Mercer High Growth	L	H	L	L	L	H	L	L	L	M
		Taxed Mercer Growth	L	M	L	L	L	M	L	L	L	M
		Taxed Mercer Moderate Growth	L	M	L	L	L	M	L	L	L	L
		Taxed Mercer Conservative Growth	L	L	L	M	L	L	L	L	L	L
		Taxed Mercer Cash	L	L	L	H	L	L	L	L	L	L
Select-your-own	Mercer Sector	Taxed Mercer Australian Shares	L	H	L	L	L	H	L	L	L	L
		Taxed Mercer Overseas Shares (Unhedged)	L	H	M	L	L	H	L	L	L	H
		Taxed Mercer Property	L	H	L	L	L	H	M	L	L	M
		Taxed Mercer Fixed Interest	L	M	L	H	L	M	L	M	L	L
		Indexed	Taxed Enhanced Indexed Growth	L	M	L	L	L	M	L	L	L
Mercer Direct	Mercer Direct^	Shares	H	H	L	L	L	H	L	L	L	L
		ETFs	L	H	L	L	L	H	L	L	L	L/H
		Term Deposit	L	L	L	H	L	L	L	L	M	L

^Any money in the cash account within the Mercer Direct investment option has similar investment risk details as for the Mercer Cash investment option shown in this table.

APD INVESTMENT OPTIONS AT A GLANCE

Investment option		Minimum suggested timeframe	% Growth investments	Investment approach	Standard risk measure		
Tax free options (only available to non-transition to retirement allocated pension members)							
Ready-made	Mercer SmartPath	Born prior to 1954	At least 4 years	50		Medium	
		Born 1954-1958	At least 4 years	58		Medium to high	
		Born 1959-1963	At least 5 years	68		Medium to high	
		Mercer Diversified Shares	At least 10 years	100		High	
		Mercer High Growth	At least 7 years	88		High	
		Mercer Growth	At least 5 years	73		Medium to high	
		Mercer Moderate Growth	At least 4 years	55		Medium	
		Mercer Conservative Growth	At least 3 years	35		Low to medium	
		Mercer Cash	1 year or less	0		Very low	
		Mercer Select Growth	At least 6 years	76		Medium to high	
Select-your-own	Mercer Plus	Mercer Overseas Shares Plus (Unhedged)	At least 10 years	100		High	
		Mercer Income Plus	At least 5 years	32		Medium	
			Mercer Australian Shares	At least 10 years	100	Multi-manager	High
		Mercer Australian Core Shares	At least 10 years	100	High		
		Mercer Australian Growth Shares	At least 10 years	100	High		
		Mercer Australian Value Shares	At least 10 years	100	High		
		Mercer Australian Small Companies	At least 10 years	100	High		
		Mercer Overseas Shares (Unhedged)	At least 10 years	100	High		
		Mercer Hedged Overseas Shares	At least 10 years	100	High		
		Mercer Overseas Small Companies	At least 10 years	100	High		
		Mercer Global Low Volatility Shares	At least 10 years	100	High		
		Mercer Emerging Markets	At least 10 years	100	Very high		
		Mercer Property	At least 10 years	100	Medium to high		
		Mercer Australian Listed Property	At least 10 years	100	Very high		
		Mercer Overseas Listed Property	At least 10 years	100	Very high		
		Mercer Global Listed Infrastructure	At least 10 years	100	High		
		Mercer Diversified Alternatives	At least 5 years	50	High		
		Mercer Fixed Interest	At least 3 years	0	Low		
		Mercer Australian Sovereign Bonds	At least 3 years	0	Low to medium		
		Mercer Overseas Sovereign Bonds	At least 3 years	0	Medium		
		Mercer Term Deposit	1 year or less	0	Very low		
		Mercer Socially Responsible	Mercer Socially Responsible Shares	At least 10 years	100	Multi-manager/ Socially responsible	High
			Mercer Socially Responsible Growth	At least 5 years	73		Medium to high
		Indexed	Indexed Diversified Shares	At least 10 years	100	Indexed	High
			Indexed Australian Shares	At least 10 years	100		High
			Indexed Overseas Shares	At least 10 years	100		High
			Enhanced Indexed Growth	At least 5 years	70		High
			Enhanced Indexed Conservative Growth	At least 3 years	30		Medium
Mercer Direct	Mercer Direct	See later in this Booklet for more details					

APD INVESTMENT OPTIONS AT A GLANCE (CONTINUED)

Investment option		Minimum suggested timeframe	% Growth investments	Investment approach	Standard risk measure	
Taxed options (only available to transition to retirement allocated pension members)						
Ready-made	Taxed Mercer SmartPath[^]	Born prior to 1954	At least 4 years	50	Multi-manager	Medium
		Born 1954-1958	At least 4 years	58		Medium to high
		Born 1959-1963	At least 5 years	68		Medium to high
	Taxed Mercer Diversified Shares		At least 10 years	100		High
	Taxed Mercer High Growth		At least 7 years	88		High
	Taxed Mercer Growth		At least 5 years	73		Medium to high
	Taxed Mercer Moderate Growth		At least 4 years	55		Medium
	Taxed Mercer Conservative Growth		At least 3 years	35		Low to medium
	Taxed Mercer Cash		1 year or less	0		Very low
Select-your-own	Mercer Sector	Taxed Mercer Australian Shares		At least 10 years	100	High
		Taxed Mercer Overseas Shares (Unhedged)		At least 10 years	100	High
		Taxed Mercer Property		At least 10 years	100	Medium to high
		Taxed Mercer Fixed Interest		At least 3 years	0	Low
	Indexed		Taxed Enhanced Indexed Growth		At least 5 years	70
Mercer Direct	Mercer Direct		See later in this Booklet for more details			

ABOUT THE MERCER SMARTPATH INVESTMENT OPTION (A READY-MADE INVESTMENT OPTION)

The following applies to both the Mercer SmartPath and Taxed Mercer SmartPath investment options.

The Mercer SmartPath investment option has a whole of life approach to investing your super.

Mercer SmartPath is designed for members seeking a sustainable income through retirement. Your investment in Mercer SmartPath is actively managed to help ensure your asset mix is in line with your life stage.

Your super will be placed in the path based on your year of birth (you cannot choose the path) and will remain in that path as long as you invest in Mercer SmartPath.

If we are advised of an incorrect date of birth, you will be moved into your correct path (effective from the time your correct date of birth is confirmed) for the investment of any future contributions and other cashflows. Your account balance will also be switched to the correct path at that time.

When you're younger, Mercer SmartPath starts with a higher allocation of growth assets (growth 85% and defensive 15%). As you get older, your asset allocation will gradually be adjusted to reduce volatility. This adjustment continues until you have an asset allocation of 50% growth and 50% defensive.

This gradual adjustment to the asset allocation is called the Glidepath (see below).

There are descriptions of the relevant investment details including the asset allocation of each of the paths later in this Booklet. The asset allocations provided are as at 1 July 2017.

If you were born between 1954 and 1963, the asset allocation for your path will gradually change over time. The allocation to growth assets (such as shares and property) will generally reduce by 1–2% below the amounts shown in the PDS for each year that passes from 1 January 2017 until the allocation to growth assets reaches 50%.

For example, the born 1954–1958 path had 58% growth assets at 1 January 2017 but is expected to have 53% growth assets by January 2020. If you were born before 1954, the asset allocation to growth assets will remain at 50%.

Refer to your Annual Report for details of the actual asset allocation of the various asset classes of each of the paths at 30 June each year.

MERCER SMARTPATH GLIDEPATH



ABOUT THE MERCER DIRECT INVESTMENT OPTION (AVAILABLE TO ALL MEMBERS)

The Mercer Direct investment option allows you to take control of your investments. You can choose from a range of shares and a selection of Exchange Traded Funds (ETFs) listed on the Australian Stock Exchange (ASX), as well as a range of term deposits.

The Mercer Direct investment option offers extra investment choice and control, combined with the convenience of maintaining a single super account within the Mercer Super Trust, with easy online access and one consolidated annual statement.

Mercer Direct uses an online trading platform where you can trade in real time (while the market is open), monitor your account, generate reports and access research information.

Shares

A share is an investment that represents part ownership of a company. The Mercer Direct investment option gives you access to securities listed on the S&P/ASX 300 Index.

ETFs

Exchanges Traded Funds (ETFs) are a listed basket of securities that track a market or sector index and aim to provide the same returns as that market or sector index are traded like normal stocks on a stock exchange.

Term deposits

A term deposit is a deposit held at a financial institution that has a fixed term. These are generally short-term with maturities ranging anywhere from one month to 12 months.

How you can invest in Mercer Direct

It is important to note that unlike other investment options, the Mercer Direct investment option cannot accept direct contributions nor can you make partial withdrawals without first transferring funds into a Ready-made and/or Select-your-own investment option(s) of your choice.

To be eligible to invest in Mercer Direct, you must initially have a minimum super account balance of \$20,000. You can invest a maximum of 80% of your super account balance in the Mercer Direct investment option, as long as you have at least \$5,000 in other investment options.

To invest in the Mercer Direct investment option, go online at mercersuper.com (sign in using your personal log-in) and transfer a dollar amount from a Ready-made and/or Select-your-own investment option into the Mercer Direct investment option. The minimum amount you may transfer to the Mercer Direct investment option in one transaction is \$500. Once you have transferred a dollar amount into the Mercer Direct cash account, you can use the funds in your Mercer Direct cash account to purchase shares, ETFs and/or term deposits via the online trading platform.

There are other investment limits that may apply to investments made in the Mercer Direct investment option. In addition, the features, fees and risks for the Mercer Direct investment option are very different to the Ready-made and Select-your-own investment options.

For more details about the Mercer Direct investment option, refer to the Mercer Direct investment option table, the 'Investment Options' section of the *PDS* and the *Mercer Direct Member Guide*. The *PDS* and the *Mercer Direct Member Guide* are available from mercersuper.com/documents

Shares, ETFs and term deposits available within the Mercer Direct investment option may change due to changes in the composition of the ASX, the addition of new ETFs, listed investment companies, other ASX traded products or trustee decisions

INVESTMENT OPTIONS IN DETAIL

TAX FREE OPTIONS (ONLY AVAILABLE TO NON-TRANSITION TO RETIREMENT ALLOCATED PENSION MEMBERS)

READY-MADE INVESTMENT OPTIONS

MERCER SMARTPATH

*BORN PRIOR TO 1954

Description – This path is for members born prior to 1 January 1954.

You may be about to retire so your money is invested 50% in defensive assets.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.50% per annum over rolling four year periods.

Standard risk measure

Medium

Minimum suggested timeframe

Four years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
50%
(35% – 65%)

DEFENSIVE INVESTMENTS
50%
(35% – 65%)



Asset Class	Range %	Benchmark %
Australian Shares	10-40	22.0
International Shares	5-35	14.0
Property & Infrastructure	5-30	10.0
Alternative Assets	0-15	5.0
Higher Yielding Fixed Interest	0-15	5.0
Defensive Fixed Interest & Cash	25-60	44.0

BORN 1954-1958

Description – This path is for members born between 1 January 1954 and 31 December 1958.

You may be considering reducing working hours and/or transitioning to retirement so your money is invested across both growth and defensive assets.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.25% per annum over rolling five year periods.

Standard risk measure

Medium to high

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
58%
(50% – 80%)

DEFENSIVE INVESTMENTS
42%
(20% – 50%)



Asset Class	Range %	Benchmark %
Australian Shares	10-40	27.0
International Shares	5-35	17.0
Property & Infrastructure	5-25	10.0
Alternative Assets	0-15	5.0
Higher Yielding Fixed Interest	0-15	5.0
Defensive Fixed Interest & Cash	25-60	36.0

BORN 1959-1963

Description – This path is for members born between 1 January 1959 and 31 December 1963.

You are beginning to approach retirement; therefore we are gradually reducing your allocation to growth assets.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.75% per annum over rolling six year periods.

Standard risk measure

Medium to high

Minimum suggested timeframe

Six years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
68%
(60% – 90%)

DEFENSIVE INVESTMENTS
32%
(10% – 40%)



Asset Class	Range %	Benchmark %
Australian Shares	20-50	32.0
International Shares	10-40	21.6
Property & Infrastructure	5-30	10.8
Alternative Assets	0-15	5.0
Higher Yielding Fixed Interest	0-15	5.4
Defensive Fixed Interest & Cash	15-50	25.2

READY-MADE INVESTMENT OPTIONS

MERCER DIVERSIFIED SHARES

Description – This option invests mainly in Australian and international shares. International currency exposure may be hedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 5% per annum over rolling ten year periods.

Standard risk measure

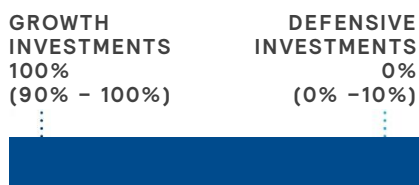
High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)



Asset Class	Range %	Benchmark %
Australian Shares	45-75	60
International Shares	25-55	40
Cash	0-10	0

MERCER HIGH GROWTH

Description – This option invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over seven years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.5% per annum over rolling seven year periods.

Standard risk measure

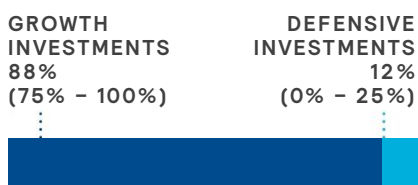
High

Minimum suggested timeframe

Seven years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)



Asset Class	Range %	Benchmark %
Australian Shares	25-55	40
International Shares	15-45	29
Property & Infrastructure	5-30	15
Alternative Assets	0-15	5
Higher Yielding Fixed Interest	0-15	5
Defensive Fixed Interest & Cash	0-25	6

MERCER GROWTH

Description – This option invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over five years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling five year periods.

Standard risk measure

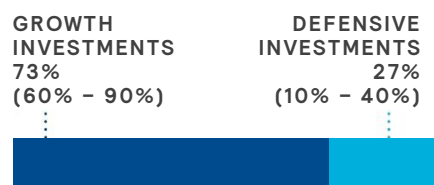
Medium to high

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)



Asset Class	Range %	Benchmark %
Australian Shares	15-45	33
International Shares	15-45	22
Property & Infrastructure	5-30	13
Alternative Assets	0-15	6
Higher Yielding Fixed Interest	0-15	5
Defensive Fixed Interest & Cash	10-40	21

READY-MADE INVESTMENT OPTIONS

MERCER MODERATE GROWTH

Description – This option invests across most asset classes, but with a slightly higher exposure to growth assets than defensive assets. It is designed for members who want exposure to growth and defensive assets and can tolerate a medium level of risk over four years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3% per annum over rolling four year periods.

Standard risk measure

Medium

Minimum suggested timeframe

Four years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

MERCER CONSERVATIVE GROWTH

Description – This option invests across most asset classes but mostly in defensive assets. It is designed for members who want exposure to mainly defensive assets and can tolerate a low to medium level of risk over three years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.75% per annum over rolling three year periods.

Standard risk measure

Low to medium

Minimum suggested timeframe

Three years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

MERCER CASH

Description – This option invests mainly in cash. It is designed for members who want no exposure to growth assets and can tolerate a very low level of risk over one year or less.

Objective

To maintain the invested capital and to achieve a return above that available on bank bills as measured by the Bloomberg AusBond Bank Bill Index on an annual basis.

Standard risk measure

Very low

Minimum suggested timeframe

One year or less

Asset allocation

Growth / Defensive benchmark

MERCER MODERATE GROWTH			MERCER CONSERVATIVE GROWTH			MERCER CASH					
GROWTH INVESTMENTS			DEFENSIVE INVESTMENTS			GROWTH INVESTMENTS			DEFENSIVE INVESTMENTS		
55%			45%			35%			65%		
(40% - 70%)			(30% - 60%)			(20% - 50%)			(50% - 80%)		
0%			100%			0%			100%		
Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %
Australian Shares	10-35	24	Australian Shares	0-25	14	Cash	100	100			
International Shares	10-35	14	International Shares	0-25	8						
Property & Infrastructure	5-25	12	Property & Infrastructure	5-20	10						
Alternative Assets	0-15	5	Alternative Assets	0-10	4						
Higher Yielding Fixed Interest	0-15	5	Higher Yielding Fixed Interest	0-10	4						
Defensive Fixed Interest & Cash	30-60	40	Defensive Fixed Interest & Cash	50-80	60						

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER PLUS OPTIONS

MERCER SELECT GROWTH

Description – This option invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over six years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.25% per annum over rolling six year periods.

Standard risk measure

Medium to high

Minimum suggested timeframe

Six years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
76%
(60% - 90%)

DEFENSIVE INVESTMENTS
24%
(10% - 40%)

Asset Class	Range %	Benchmark %
Australian Shares	15-45	32
International Shares	15-45	20
Property & Infrastructure	5-30	15
Alternative Assets	0-20	10
Higher Yielding Fixed Interest	0-15	6
Defensive Fixed Interest & Cash	10-40	17

MERCER OVERSEAS SHARES PLUS (UNHEDGED)

Description – This option invests mainly in global shares. International currency exposure is generally unhedged. This option is expected to have a high level of variation relative to the underlying benchmark. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% - 100%)

DEFENSIVE INVESTMENTS
0%
(0% - 10%)

Asset Class	Range %	Benchmark %
Global Shares	90-100	100
Cash	0-10	0

MERCER INCOME PLUS

Description – This option seeks to invest across a range of higher yielding asset classes, with a defensive orientation. It is designed for members who are predominantly seeking income from a diversified multi-sector portfolio and can tolerate a Medium level of risk over five years.

Objective

To achieve a total portfolio yield (after tax and investment fees) of 1% - 3% per annum above the RBA cash rate over rolling five year periods.

Standard risk measure

Medium

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
32%
(20% - 50%)

DEFENSIVE INVESTMENTS
68%
(50% - 80%)

Asset Class	Range %	Benchmark %
Australian Shares	5-30	18
International Shares	0-15	0
Property & Infrastructure	5-30	14
Alternative Assets	0-10	0
Higher Yielding Fixed Interest	10-40	24
Defensive Fixed Interest & Cash	30-60	44

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS

MERCER AUSTRALIAN SHARES

Description – This option invests mainly in Australian shares but from time to time may have a small exposure to companies listed outside the Australian Exchange. This option is expected to have a moderate level of variation relative to the underlying benchmark. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% – 100%)

DEFENSIVE INVESTMENTS
0%
(0% – 10%)



Asset Class	Range %	Benchmark %
Australian Shares	90-100	100
Cash	0-10	0

MERCER AUSTRALIAN CORE SHARES

Description – This option invests mainly in Australian shares but from time to time may have a small exposure to companies listed outside the Australian exchange. This option is expected to have a low level of variation relative to the underlying benchmark. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% – 100%)

DEFENSIVE INVESTMENTS
0%
(0% – 10%)



Asset Class	Range %	Benchmark %
Australian Shares	90-100	100
Cash	0-10	0

MERCER AUSTRALIAN GROWTH SHARES

Description – This option invests mainly in Australian shares (with a bias to growth style investing) but from time to time may have a small exposure to companies listed outside the Australian exchange. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges show in brackets)

GROWTH INVESTMENTS
100%
(90% – 100%)

DEFENSIVE INVESTMENTS
0%
(0% – 10%)



Asset Class	Range %	Benchmark %
Australian Shares	90-100	100
Cash	0-10	0

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS

MERCER AUSTRALIAN VALUE SHARES

Description – This option invests mainly in Australian shares (with a bias to value style investing) but from time to time may have a small exposure to companies listed outside the Australian exchange. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% – 100%)

DEFENSIVE INVESTMENTS
0%
(0% – 10%)

⋮

Asset Class	Range %	Benchmark %
Australian Shares	90-100	100
Cash	0-10	0

MERCER AUSTRALIAN SMALL COMPANIES

Description – This option invests mainly in Australian small company shares. From time to time the option may have a small exposure to companies listed outside the Australian exchange. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% – 100%)

DEFENSIVE INVESTMENTS
0%
(0% – 10%)

⋮

Asset Class	Range %	Benchmark %
Australian Shares	90-100	100
Cash	0-10	0

MERCER OVERSEAS SHARES (UNHEDGED)

Description – This option invests mainly in global shares in developed markets but may also have some exposure in emerging markets. International currency exposure is generally unhedged. This option is expected to have a moderate level of variation relative to the underlying benchmark. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges show in brackets)

GROWTH INVESTMENTS
100%
(90% – 100%)

DEFENSIVE INVESTMENTS
0%
(0% – 10%)

⋮

Asset Class	Range %	Benchmark %
Global Shares	90-100	100
Cash	0-10	0

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS

MERCER HEDGED OVERSEAS SHARES

Description – This option invests in global shares mainly in developed markets but may also have some exposure in emerging markets. International currency exposure is generally hedged. This option is expected to have a moderate level of variation relative to the underlying benchmark. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS 100% (90% – 100%)	DEFENSIVE INVESTMENTS 0% (0% – 10%)
⋮	⋮

Asset Class	Range %	Benchmark %
Global Shares	90–100	100
Cash	0–10	0

MERCER OVERSEAS SMALL COMPANIES

Description – This option invests in global small company shares mainly in developed markets but may also have some exposure in emerging markets. International currency exposure is generally unhedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS 100% (80% – 100%)	DEFENSIVE INVESTMENTS 0% (0% – 20%)
⋮	⋮

Asset Class	Range %	Benchmark %
Global Small Companies	80–100	100
Cash	0–20	0

MERCER GLOBAL LOW VOLATILITY SHARES

Description – This option invests mainly in global low volatility shares in developed markets but may also have some exposure in emerging markets. International currency exposure is generally unhedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges show in brackets)

GROWTH INVESTMENTS 100% (80% – 100%)	DEFENSIVE INVESTMENTS 0% (0% – 20%)
⋮	⋮

Asset Class	Range %	Benchmark %
Global Shares	80–100	100
Cash	0–20	0

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS

MERCER EMERGING MARKETS

Description – This option invests mainly in emerging market shares. International currency exposure is generally unhedged. It is designed for members who want exposure to growth assets and can tolerate a very high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Very high

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(80% – 100%)

⋮

DEFENSIVE INVESTMENTS
0%
(0% – 20%)

Asset Class	Range %	Benchmark %
Emerging Markets Shares	80–100	100
Cash	0–20	0

MERCER PROPERTY

Description – This option invests in global property, through a combination of Australian direct property (unlisted) and Global listed property. International currency exposure is generally hedged. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Medium to high

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% – 100%)

⋮

DEFENSIVE INVESTMENTS
0%
(0% – 10%)

Asset Class	Range %	Benchmark %
Australian Direct Property	0–100	50
Global Listed Property	0–100	50
Cash	0–10	0

MERCER AUSTRALIAN LISTED PROPERTY

Description – This option invests mainly in Australian listed property. It is designed for members who want exposure to growth assets and can tolerate a very high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Very high

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges show in brackets)

GROWTH INVESTMENTS
100%
(90% – 100%)

⋮

DEFENSIVE INVESTMENTS
0%
(0% – 10%)

Asset Class	Range %	Benchmark %
Australian Listed Property	90–100	100
Cash	0–10	0

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS

MERCER OVERSEAS LISTED PROPERTY

Description – This option invests mainly in global listed property. International currency exposure is generally hedged. It is designed for members who want exposure to growth assets and can tolerate a very high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Very High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS 100% (90% – 100%)
 DEFENSIVE INVESTMENTS 0% (0% – 10%)



Asset Class	Range %	Benchmark %
Global Listed Property	90-100	100
Cash	0-10	0

MERCER GLOBAL LISTED INFRASTRUCTURE

Description – This option invests mainly in listed infrastructure securities. International currency exposure is generally hedged. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS 100% (90% – 100%)
 DEFENSIVE INVESTMENTS 0% (0% – 10%)



Asset Class	Range %	Benchmark %
Listed Infrastructure	90-100	100
Cash	0-10	0

MERCER DIVERSIFIED ALTERNATIVES

Description – This option invests in growth and defensive assets mainly in alternative assets. International currency exposure is generally hedged. It is designed for members who want exposure to growth and defensive assets and can tolerate a high level of risk over five years.

Objective

To achieve a return (after tax and investment fees) of at least 3% to 5% per annum above the return on bank bills as measured by the Bloomberg AusBond Bank Bill Index over rolling five year periods.

Standard risk measure

High

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges show in brackets)

GROWTH INVESTMENTS 50% (0% – 70%)
 DEFENSIVE INVESTMENTS 50% (30% – 100%)



Asset Class	Range %	Benchmark %
Alternative Assets	70-100	100
Cash	0-30	0

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS

MERCER FIXED INTEREST

Description – This option invests mainly in fixed interest. International currency exposure is generally hedged. It is designed for members who want exposure to mainly defensive assets and can tolerate a low level of risk over three years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Low

Minimum suggested timeframe

Three years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
0%
(0% - 10%)

DEFENSIVE INVESTMENTS
100%
(90% - 100%)

Asset Class	Range %	Benchmark %
Higher Yielding Fixed Interest	0-10	0
Defensive Fixed Interest & Cash	90-100	100

MERCER AUSTRALIAN SOVEREIGN BONDS

Description – This option invests mainly in Australian sovereign bonds. It is designed for members who want exposure to defensive assets and can tolerate a low to medium level of risk over three years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Low to medium

Minimum suggested timeframe

Three years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
0%
(0% - 10%)

DEFENSIVE INVESTMENTS
100%
(90% - 100%)

Asset Class	Range %	Benchmark %
Defensive Fixed Interest & Cash	100	100

MERCER OVERSEAS SOVEREIGN BONDS

Description – This option invests mainly in Global sovereign bonds. International currency exposure is generally hedged. It is designed for members who want exposure to defensive assets and can tolerate a medium level of risk over three years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Medium

Minimum suggested timeframe

Three years

Asset allocation

Growth / Defensive benchmark (ranges show in brackets)

GROWTH INVESTMENTS
0%
(0% - 10%)

DEFENSIVE INVESTMENTS
100%
(90% - 100%)

Asset Class	Range %	Benchmark %
Defensive Fixed Interest & Cash	100	100

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS

MERCER TERM DEPOSIT

Description – This option invests mainly in Australian bank term deposits of maturity less than one year. It is designed for members who want no exposure to growth assets and can tolerate a very low level of risk over one year or less.

Objective

To maintain the invested capital and to achieve a return (before tax and investment fees) above that available on bank bills as measured by the Bloomberg AusBond Bank Bill Index on an annual basis.

Standard risk measure

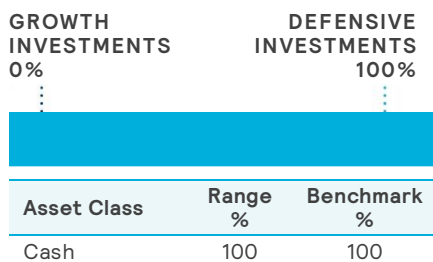
Very low

Minimum suggested timeframe

One year or less

Asset allocation

Growth / Defensive benchmark
(ranges shown in brackets)



SELECT-YOUR-OWN INVESTMENT OPTIONS

SOCIALLY RESPONSIBLE OPTIONS

MERCER SOCIALLY RESPONSIBLE SHARES

Description – This option invests mainly in Australian and international shares. International currency exposure may be hedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years. Socially responsible (i.e. ethical) considerations are taken into account when making investment decisions for this option.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 5% per annum over rolling ten year periods.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

MERCER SOCIALLY RESPONSIBLE GROWTH

Description – This option invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over five years. Socially responsible (i.e. ethical) considerations are taken into account when making investment decisions for this option.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling five year periods.

Standard risk measure

Medium to high

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS			DEFENSIVE INVESTMENTS		
100%		0%	73%		27%
(90% - 100%)		(0% - 10%)	(60% - 80%)		(20% - 40%)
Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %
Australian Shares	40-80	60	Australian Shares	20-50	33
International Shares	20-60	40	International Shares	15-40	22
Cash	0-10	0	Property & Infrastructure	5-30	13
			Alternative Assets	0-15	6
			Higher Yielding Fixed Interest	0-15	5
			Defensive Fixed Interest & Cash	10-40	21

SELECT-YOUR-OWN INVESTMENT OPTIONS

INDEXED OPTIONS

INDEXED DIVERSIFIED SHARES

Description – This option invests mainly in Australian and international shares. International currency exposure may be hedged. The option takes an indexed investment approach. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To match the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS	DEFENSIVE INVESTMENTS
100%	0%
(90% - 100%)	(0% - 10%)
⋮	⋮

Asset Class	Range %	Benchmark %
Australian Shares	40-70	50
International Shares	40-70	50
Defensive Fixed Interest & Cash	0-10	0

INDEXED AUSTRALIAN SHARES

Description – This option invests mainly in Australian shares. The option takes an indexed investment approach. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To match the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS	DEFENSIVE INVESTMENTS
100%	0%
(90% - 100%)	(0% - 10%)
⋮	⋮

Asset Class	Range %	Benchmark %
Australian Shares	90-100	100
Defensive Fixed Interest & Cash	0-10	0

INDEXED OVERSEAS SHARES

Description – This option invests mainly in global shares. International currency exposure is generally unhedged. The option takes an indexed investment approach. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To match the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS	DEFENSIVE INVESTMENTS
100%	0%
(90% - 100%)	(0% - 10%)
⋮	⋮

Asset Class	Range %	Benchmark %
Global Shares	90-100	100
Defensive Fixed Interest & Cash	0-10	0

SELECT-YOUR-OWN INVESTMENT OPTIONS

INDEXED OPTIONS

ENHANCED INDEXED GROWTH

Description – This option invests across most asset classes but mainly in growth assets. The option predominantly takes an indexed investment approach, but with a small amount of active management. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over five years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling five year periods.

Standard risk measure

Medium to high

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

ENHANCED INDEXED CONSERVATIVE GROWTH

Description – This option invests across most asset classes but mainly in defensive assets. The option predominantly takes an indexed investment approach, but with a small amount of active management. It is designed for members who want exposure to mainly defensive assets and can tolerate a medium level of risk over three years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.5% per annum over rolling three year periods.

Standard risk measure

Medium

Minimum suggested timeframe

Three years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS 70% (60% - 90%)			DEFENSIVE INVESTMENTS 30% (10% - 40%)			GROWTH INVESTMENTS 30% (20% - 50%)			DEFENSIVE INVESTMENTS 70% (50% - 80%)		
Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %
Australian Shares	25-50	38	Australian Shares	5-30	16	Australian Shares	5-30	16	Australian Shares	5-30	16
International Shares	10-40	26	International Shares	0-25	10	International Shares	0-25	10	International Shares	0-25	10
Property & Infrastructure	5-30	6	Property & Infrastructure	0-15	4	Property & Infrastructure	0-15	4	Property & Infrastructure	0-15	4
Alternative Assets	0-15	0	Alternative Assets	0-15	0	Alternative Assets	0-15	0	Alternative Assets	0-15	0
Higher Yielding Fixed Interest	0-15	0	Higher Yielding Fixed Interest	0-15	0	Higher Yielding Fixed Interest	0-15	0	Higher Yielding Fixed Interest	0-15	0
Defensive Fixed Interest & Cash	10-40	30	Defensive Fixed Interest & Cash	50-80	70	Defensive Fixed Interest & Cash	50-80	70	Defensive Fixed Interest & Cash	50-80	70

INVESTMENT OPTIONS IN DETAIL

TAXED OPTIONS (ONLY AVAILABLE TO TRANSITION TO RETIREMENT ALLOCATED PENSION MEMBERS)

READY-MADE INVESTMENT OPTIONS

TAXED MERCER SMARTPATH

BORN PRIOR TO 1954

Description – This path is for members born prior to 1 January 1954.

You may be about to retire so your money is invested 50% in defensive assets.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.00% per annum over rolling four year periods.

Standard risk measure

Medium

Minimum suggested timeframe

Four years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

BORN 1954-1958

Description – This path is for members born between 1 January 1954 and 31 December 1958.

You may be considering reducing working hours and/or transitioning to retirement so your money is invested across both growth and defensive assets.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.75% per annum over rolling four year periods.

Standard risk measure

Medium to high

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

BORN 1959-1963

Description – This path is for members born between 1 January 1959 and 31 December 1963.

You are beginning to approach retirement; therefore we are gradually reducing your allocation to growth assets.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.25% per annum over rolling five year periods.

Standard risk measure

Medium to high

Minimum suggested timeframe

Six years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

BORN PRIOR TO 1954			BORN 1954-1958			BORN 1959-1963					
GROWTH INVESTMENTS			DEFENSIVE INVESTMENTS			GROWTH INVESTMENTS			DEFENSIVE INVESTMENTS		
50%			50%			58%			42%		
(35% - 65%)			(35% - 65%)			(50% - 80%)			(20% - 50%)		
68%			32%			68%			32%		
(60% - 90%)			(10% - 40%)			(60% - 90%)			(10% - 40%)		
Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %	Asset Class	Range %	Benchmark %			
Australian Shares	10-40	22	Australian Shares	10-40	27	Australian Shares	15-45	32			
International Shares	5-35	14	International Shares	5-35	17	International Shares	15-45	21.6			
Property & Infrastructure	5-25	10	Property & Infrastructure	5-25	10	Property & Infrastructure	5-30	10.8			
Alternative Assets	0-15	5	Alternative Assets	0-15	5	Alternative Assets	0-15	5			
Higher Yielding Fixed Interest	0-15	5	Higher Yielding Fixed Interest	0-15	5	Higher Yielding Fixed Interest	0-15	5.4			
Defensive Fixed Interest & Cash	25-60	44	Defensive Fixed Interest & Cash	25-60	36	Defensive Fixed Interest & Cash	10-40	25.2			

READY-MADE INVESTMENT OPTIONS

TAXED MERCER DIVERSIFIED SHARES

Description – This option invests mainly in Australian and international shares. International currency exposure may be hedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling ten year periods.

Standard risk measure

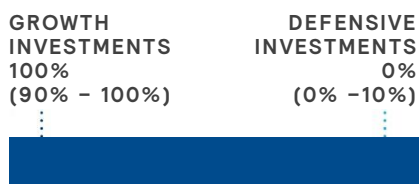
High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)



Asset Class	Range %	Benchmark %
Australian Shares	45-75	60
International Shares	25-55	40
Cash	0-10	0

TAXED MERCER HIGH GROWTH

Description – This option invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over seven years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling seven year periods.

Standard risk measure

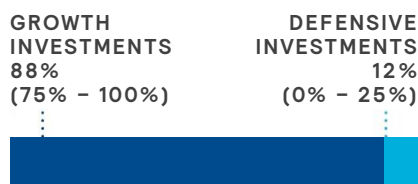
High

Minimum suggested timeframe

Seven years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)



Asset Class	Range %	Benchmark %
Australian Shares	25-55	40
International Shares	15-45	29
Property & Infrastructure	5-30	15
Alternative Assets	0-15	5
Higher Yielding Fixed Interest	0-15	5
Defensive Fixed Interest & Cash	0-25	6

TAXED MERCER GROWTH

Description – This option invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over five years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling five year periods.

Standard risk measure

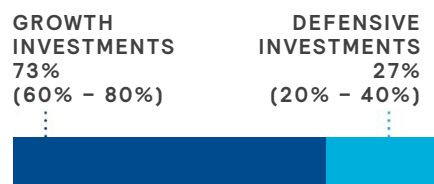
Medium to high

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges show in brackets)



Asset Class	Range %	Benchmark %
Australian Shares	15-45	33
International Shares	15-45	22
Property & Infrastructure	5-30	13
Alternative Assets	0-15	6
Higher Yielding Fixed Interest	0-15	5
Defensive Fixed Interest & Cash	10-40	21

READY-MADE INVESTMENT OPTIONS

TAXED MERCER MODERATE GROWTH

Description – This option invests across most asset classes, but with a slightly higher exposure to growth assets than defensive assets. It is designed for members who want exposure to growth and defensive assets and can tolerate a medium level of risk over four years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.5% per annum over rolling four year periods.

Standard risk measure

Medium

Minimum suggested timeframe

Four years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
55%
(40% – 70%)

DEFENSIVE INVESTMENTS
45%
(30% – 60%)



Asset Class	Range %	Benchmark %
Australian Shares	10-35	24
International Shares	10-35	14
Property & Infrastructure	5-25	12
Alternative Assets	0-15	5
Higher Yielding Fixed Interest	0-15	5
Defensive Fixed Interest & Cash	30-60	40

TAXED MERCER CONSERVATIVE GROWTH

Description – This option invests across most asset classes but mostly in defensive assets. It is designed for members who want exposure to mainly defensive assets and can tolerate a low to medium level of risk over three years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.5% per annum over rolling three year periods.

Standard risk measure

Low to medium

Minimum suggested timeframe

Three years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
35%
(20% – 50%)

DEFENSIVE INVESTMENTS
65%
(50% – 80%)



Asset Class	Range %	Benchmark %
Australian Shares	0-25	14
International Shares	0-25	8
Property & Infrastructure	5-20	10
Alternative Assets	0-10	4
Higher Yielding Fixed Interest	0-10	4
Defensive Fixed Interest & Cash	50-80	60

TAXED MERCER CASH

Description – This option invests mainly in cash. It is designed for members who want no exposure to growth assets and can tolerate a very low level of risk over one year or less.

Objective

To maintain the invested capital and to achieve a return above that available on bank bills as measured by the Bloomberg AusBond Bank Bill Index on an annual basis.

Standard risk measure

Very low

Minimum suggested timeframe

One year or less

Asset allocation

Growth / Defensive benchmark

GROWTH INVESTMENTS
0%

DEFENSIVE INVESTMENTS
100%



Asset Class	Range %	Benchmark %
Cash	100	100

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS

TAXED MERCER AUSTRALIAN SHARES

Description – This option invests mainly in Australian shares but from time to time may have a small exposure to companies listed outside the Australian Exchange. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% - 100%)

DEFENSIVE INVESTMENTS
0%
(0% - 10%)

Asset Class	Range %	Benchmark %
Australian Shares	90-100	100
Cash	0-10	0

TAXED MERCER OVERSEAS SHARES (UNHEDGED)

Description – This option invests mainly in global shares mainly in developed markets but may also have some exposure in emerging markets. International currency exposure is generally unhedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

High

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% - 100%)

DEFENSIVE INVESTMENTS
0%
(0% - 10%)

Asset Class	Range %	Benchmark %
Global Shares	90-100	100
Cash	0-10	0

TAXED MERCER PROPERTY

Description – This option invests mainly in property. International currency exposure is generally hedged. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over ten years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Medium to high

Minimum suggested timeframe

Ten years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

GROWTH INVESTMENTS
100%
(90% - 100%)

DEFENSIVE INVESTMENTS
0%
(0% - 10%)

Asset Class	Range %	Benchmark %
Australian Direct Property	0-100	50
Global Listed Property	0-100	50
Cash	0-10	0

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR OPTIONS INDEXED OPTION

TAXED MERCER FIXED INTEREST

Description – This option invests mainly in fixed interest. International currency exposure is generally hedged. It is designed for members who want exposure to mainly defensive assets and can tolerate a low level of risk over three years.

Objective

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard risk measure

Low

Minimum suggested timeframe

Three years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

	GROWTH INVESTMENTS 0% (0% - 10%)	DEFENSIVE INVESTMENTS 100% (90% - 100%)
Asset Class	Range %	Benchmark %
Higher Yielding Fixed Interest	0-10	0
Defensive Fixed Interest & Cash	90-100	100

TAXED ENHANCED INDEXED GROWTH

Description – This option invests across most asset classes but mainly in growth assets. The option predominantly takes an indexed investment approach, but with a small amount of active management. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over five years.

Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3% per annum over rolling five year periods.

Standard risk measure

Medium to high

Minimum suggested timeframe

Five years

Asset allocation

Growth / Defensive benchmark (ranges shown in brackets)

	GROWTH INVESTMENTS 70% (60% - 90%)	DEFENSIVE INVESTMENTS 30% (10% - 40%)
Asset Class	Range %	Benchmark %
Australian Shares	25-50	38
International Shares	10-40	26
Property & Infrastructure	5-30	6
Alternative Assets	0-15	0
Higher Yielding Fixed Interest	0-15	0
Defensive Fixed Interest & Cash	10-40	30

MERCER DIRECT INVESTMENT OPTION (AVAILABLE TO ALL MEMBERS)

Investing in the Mercer Direct investment option is different from the other investment options available through the APD in the Mercer Super Trust. Because you choose your own investments, your portfolio is likely to be unique. With this greater degree of control comes a greater responsibility to understand the nature of your investments and their ability to generate your intended return and satisfy your desired level of risk.

The investment objectives below are general in nature and offered as a guide to the way investments of this type will typically behave. The characteristics of your chosen investments may be quite different and you or your financial adviser will need to research your individual investments. You can refer to the Morningstar Investment Profiles available on the Mercer Direct section of the secure website[^] and the Product Disclosure Statements for ETFs, which are available on the ETF provider's website, as well as any other sources.

The information provided in the Morningstar Investment Profiles is from a third party source and the trustee does not endorse the contents. While we believe the profiles are reliable, the trustee accepts no responsibility for any errors or omissions.

For more information about the Mercer Direct investment option, read the *PDS* and the *Mercer Direct Member Guide*. You can download the *PDS* and the *Mercer Direct Member Guide* at the Mercer Super Trust website mercersuper.com/documents

Shares

Description – This option is designed for members who want to invest a proportion of their super in shares listed on the S&P/ASX 300 Index and can tolerate a very high level of risk over seven years.

Objective

To provide long-term capital growth with some income.

Standard risk measure

Very high

Minimum suggested timeframe

Seven years

ETFs

Description – This option is designed for members who want to invest a proportion of their super in a wide choice of ETFs and can tolerate a high level of risk over seven years.

Objective

To provide market performance, before fees and charges, of a particular group of assets.

Standard risk measure

High^{*}

Minimum suggested timeframe

Seven years

Term deposits

Description – This option is designed for members who want to invest a proportion of their super in term deposits (typically ranging from a one to 12 month period) and can tolerate a very low level of risk over one year or less.

Objective

To provide an income stream with a very low risk of capital loss.

Standard risk measure

Very low

Minimum suggested timeframe

One year or less

[^] The Mercer Direct section of the secure member website allows you to transact and includes information that you will need to monitor and manage your Mercer Direct investments.

^{*} The levels of risk for ETFs will vary depending on the ETF chosen but, because ETFs are listed, risk can be categorised as High or High to Medium. For more information, refer to the Investment Profile for any ETF you are considering, on the Mercer Direct section of the secure member website[^], or read the Product Disclosure Statement on the ETF provider's website.

Expected frequency of negative returns will depend on the profile of the individual ETF and the underlying investment mix. ETFs are traded on the ASX, so the expected frequency can be similar to shares, however diversification within the ETF can reduce volatility. For more information, refer to the Product Disclosure Statement on the ETF provider's website.

GLOSSARY OF KEY TERMS

Active investment approach

Managers of investment options with an active approach aim to perform better than the market overall.

Asset allocation

This refers to the allocation between the various asset classes (e.g. shares, fixed interest, property) of an investment option. It also includes the growth/defensive benchmark of the investment option.

Benchmark and ranges

The benchmark is the long-term asset allocation of the investment option. Factors such as the trustee's assessment of market valuations may cause the actual mix to vary from the benchmark, but it will generally stay within the asset allocation ranges.

Consumer Price Index (CPI)

CPI is a measure of the rate of inflation. In Australia, it's based on a selection of household goods and services.

Global

Global generally means Australian and international. For example, investments may be made in Australian and international shares where an investment option invests in Global shares.

Hedging

Hedging generally refers to the process of protecting investments against, or reducing the risk of a loss. For example, the value of international investments is affected by changes in the value of the Australian dollar. If the Australian dollar rises in value, then international investments reduce in value. Currency hedging is where investment managers use various techniques to minimise the effect of currency movements on international investments.

Indexed investment approach

Investment options with an indexed approach (sometimes called a passive approach) aim to perform in line with the overall market but may have some exposure to active management.

Minimum suggested timeframe

This is the minimum time you should consider holding your investment in an investment option. This is a guide only.

Multi-manager investment approach

More than one specialist manager may be appointed to manage assets in each asset class, sector or investment style within the investment options.

Objectives

These identify the type of return the option aims to achieve for investors. The objectives are sometimes stated in terms of a particular named index, e.g. the Bloomberg AusBond Bank Bill Index, or a target that relates to CPI.

Note the objectives of any particular investment option should not be treated, or relied upon as a forecast, indicator or guarantee of any future returns or performance for that option. The value of investments may rise and fall, in any of the options.

RBA Cash Rate

The RBA Cash Rate is the rate of interest which the Reserve Bank of Australia (RBA) charges on overnight loans to commercial banks.

Socially Responsible Investment approach

Socially Responsible Investment involves making an investment decision based on principles of social responsibility in addition to the usual investment criteria. See 'Socially Responsible Investing' for further details.

Tax free investment options

Are only available to non-Transition to Retirement Allocated Pension members.

Taxed investment options

Are the only investment options available to Transition to Retirement Allocated Pension members.